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

This Report on the Observance of Standards and Codes on Data Module for the Republic of
Kazakhstan was prepared by a staff team of the International Monetary Fund as background
documentation for the periodic consultation with the member country. It is based on the information
available at the time it was completed on January 24, 2008. The views expressed in this document are
those of the staff team and do not necessarily reflect the views of the government of the Republic of
Kazakhstan or the Executive Board of the IMF.

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

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REPUBLIC OF KAZAKHSTAN

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

Prepared by the Statistics Department

Approved by Robert W. Edwards and Mohsin S. Khan

January 24, 2008

The Report on the Observance of Standards and Codes (ROSC) data module provides an assessment of Kazakhstan's macroeconomic statistics against the Special Data Dissemination Standard (SDDS) complemented by an assessment of data quality based on the IMF's Data Quality Assessment Framework (DQAF). The DQAF lays out internationally accepted practices in statistics, ranging from good governance in data producing agencies to practices specific to datasets.

The datasets covered in this report are national accounts, consumer and producer price indices, government finance, monetary, and balance of payments statistics. The agencies that compile the datasets assessed in this report are the Agency of Statistics of the Republic of Kazakhstan (ASRK), the Ministry of Finance (MOF), and the National Bank of the Republic of Kazakhstan (NBRK).

The datasets to which this report pertains can be accessed in print and on the Internet:

> ASRK (http://www.stat.kz)
> MOF (http://www.minfin.kz)
> NBRK (http://www.nationalbank.kz)

This report is based on information provided prior to and during a staff mission from November 29–December 13, 2006 and publicly available information. The mission team was headed by Kimberly D. Zieschang, and comprised Rene Fievet, Sarmad Khawaja, and Ewe-Ghee Lim (all IMF Statistics Department), Kari Manninen, and Paul Shevchenko (Experts), and Lady Rodriguez (Senior Administrative Assistant).

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ACRONYMS

1993 SNA	*System of National Accounts 1993*
ASRK	Agency of Statistics of the Republic of Kazakhstan
BOP	Balance of Payments
BPM5	*Balance of Payments Statistics Manual*, fifth edition
COICOP	Classification of Individual Consumption by Purpose
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GFSM 1986	*A Manual on Government Finance Statistics*, 1986
GFSM 2001	*Government Finance Statistics Manual 2001*
HIES	Household Income and Expenditure Survey
IIP	International Investment Position
MFSM	*Monetary and Financial Statistics Manual*
MOF	Ministry of Finance
NACE	General Industrial Classification of Economic Activities within the European Communities
NBRK	National Bank of the Republic of Kazakhstan
NFRK	National Fund of the Republic of Kazakhstan
ROSC	Report on the Observance of Standards and Codes
RSD	Reporting and Statistics Department, MOF
SDDS	Special Data Dissemination Standard

I. OVERALL ASSESSMENT

1.   Kazakhstan subscribed to the Special Data Dissemination Standard (SDDS) on March 24, 2003 and started posting its metadata on the Dissemination Standards Bulletin Board (DSBB) on March 24, 2003. Kazakhstan is in observance of the SDDS, meeting the specifications for coverage, periodicity, timeliness, and the dissemination of advance release calendars. Kazakhstan uses a flexibility option for the periodicity and timeliness of the data on central government operations. Appendix I provides an overview of Kazakhstan's dissemination practices compared to the SDDS.

2.   The Report on the Observance of Standards and Codes (ROSC) data module covers national accounts, consumer price, producer price, government finance, monetary, and balance of payments (BOP) statistics. This report assesses these datasets against the requirements of the SDDS using the July 2003 version of the IMF's Data Quality Assessment Framework (DQAF). It is a reassessment of the data module for Kazakhstan conducted in 2002 against the recommendations of the General Data Dissemination System (GDDS) on the basis of the July 2001 version of the DQAF. In the interval since the last assessment, practices have been strengthened in transparency, scope, source data, relevance, cross-dataset consistency, and data and metadata accessibility. The more demanding standard of the 2003 DQAF against largely unchanged practices in statistical techniques for price statistics and basis for recording for government finance statistics (GFS) lead to lower assessments in these areas than in 2002. The report contains the following main observations. Kazakhstan's statistical system shows relative strengths in legal and institutional environment, professionalism, assessment and validation of intermediate data and outputs, and assistance to users. However, the commendably high cross-dataset consistency of the system means that a few instances of incomplete implementation of concepts in one dataset propagate to the others, and makes more critical the need for all sector datasets to adhere closely to the most recent statistical standards. Section II provides a summary assessment by agency and dataset based on a four-part scale. This is followed by staff recommendations in Section III. Practices compared to the SDDS are summarized in Appendix I. The authorities' response to this report and a volume of detailed assessments are presented in separate documents. This is the first data ROSC whose detailed assessments (Section III) include descriptions of practices for incorporating information on oil and gas activities and products into the estimates for the covered datasets, as encouraged by the Sixth Review of the Fund's Data Standards Initiatives of November 2005.

3.   In applying the current, July 2003, version of the IMF's DQAF, the remainder of this section presents the mission's main conclusions. The presentation is done at the level of the DQAF's quality dimensions, by agency for the first two dimensions and across datasets for the remaining four. Section II provides a summary assessment by agency and dataset based on a four-point rating scale. This is followed by staff recommendations in Section III. The authorities' response to this report and a volume of detailed assessments are presented in separate documents.

4.   **Prerequisites of quality.** The Kazakh data-producing agencies rely on a well-designed legal and institutional framework providing a solid foundation for the datasets

assessed in this report. Since the 2002 data ROSC, amendments to the Law on Official Statistics in 2002 and 2004, the 2004 government regulation on the Agency of Statistics of the Republic of Kazakhstan (ASRK), and the 2005 ASRK order establishing the Public Council clearly position the ASRK as the country's central executive statistical agency. As such, the ASRK has the leading role in coordinating the activities of other producers of official statistics, primarily through a medium-term program of statistical development and annual statistical plans that are embedded in the budgetary process. Budgeted resources are broadly commensurate with the existing statistical programs for the data categories under review.

5.   In assessing quality management, the mission noted the ambitious medium-term statistical program the ASRK management has mapped and for which it has secured funding, including censuses of agriculture and population, as well as the major reorganization of headquarters functions scheduled for end-2006 through the second quarter of 2007. The reorganization includes relocation to Astana of agency and departmental management, as well as senior professionals, comprising about 30 percent of the current Almaty staff. The remaining staff of the new Astana headquarters will be recruited in part from existing ASRK staff and in part from new hires. The ASRK has received funds for the logistics of the move to Astana and management sees training of new and existing staff as a priority. At the same time, the capacity of the National Accounts Department and, to a lesser extent, the Price and Labor Statistics Department, to implement current programs is at risk from a recent and significant increase in the number of vacancies. In view of the current tight staff situation, continuity of these programs will require close attention to filling vacancies with qualified applicants and providing training for new staff.

6.   All agencies maintain the relevance of their statistical outputs by soliciting and acting on user feedback. The ASRK expects to further enhance outreach to both users of and data suppliers for the national accounts through the recently established user group in the Public Council. The Ministry of Finance (MOF) could improve the relevance of its data to users by publishing breakdowns of its cash-based statistics allowing ASRK to compile accrual-based sector accounts for the general government.

7.   **Assurances of integrity.** All agencies demonstrate professionalism and provide guidelines on ethical conduct to their staff. The MOF transparency practices could be improved by posting for users the list of the officials having pre-release access to GFS. Both the National Bank of the Republic of Kazakhstan (NBRK) and the MOF do not provide users advance notice of changes in methodology.

8.   **Methodological soundness.** The six datasets reviewed broadly follow internationally accepted standards for concepts and definitions, classification and sectorization, and valuation basis**.** However, the NBRK practice of classifying subsidiaries of foreign construction and drilling companies expected to operate in Kazakhstan for more than one year as nonresidents in the BOP is not internationally standard. Also, there are currently inconsistencies between the official external debt and international investment position (IIP) statistics, the source of which is clearly identified, and which can be easily corrected. The Republic of Kazakhstan government, while retaining cash execution of the budgets, has

implemented certain presentational aspects of the *Government Finance Statistics Manual 2001 (GFSM 2001)* methodology. With the introduction of the Budget Code of the Republic of Kazakhstan as of January 1, 2005, certain provisions of the *GFSM* were implemented: operations of the current fiscal year related to the recording of budget revenues and payments begin on January 1 and end on December 31 of the current calendar year, and the structure of the budget has been brought closer into line with the *GFSM 2001*. The scope of the MOF statements of government operations is nonstandard because they do not consolidate the National Fund of the Republic of Kazakhstan (NFRK) with central and general government. The basis for recording monetary stocks and flows is not fully consistent with the guidelines in the *Monetary and Financial Statistics Manual* (*MFSM*). However, while the general valuation of financial instruments is based on current market prices, and market exchange rates are now used to convert foreign currency accounts into domestic currency, securities held for investment purposes continue to be valued at historic or amortized cost rather than market prices. In the BOP, transfer pricing of oil exports, considered significant up until 2000, is still monitored and adjustments are made when detected, but has diminished and is currently considered a minor measurement issue.

9.   **Accuracy and reliability.** The national accounts source data still include cumulatively reported components whose first differences are used to approximate the discrete quarterly data needed for compiling published time series.[1] New ASRK survey sources supply discrete data for the quarterly national accounts, but the staff resource constraints noted under prerequisites of quality have slowed their full incorporation into published series. The national accounts, because they integrate source data from across the statistical system, also reflect data quality issues arising in agencies other than the ASRK. GFS are compiled by the MOF, and are incorporated into the national accounts by the ASRK, on a cash rather than accrual basis. As noted under methodological soundness, the MOF has no plans, in the immediate future, to transition the GFS to the *GFSM 2001*, which would implement accrual recording as well as presentations of government operations statistics consistent with national accounts concepts. Also recalling the assessment of methodological soundness, one source of the discrepancy between GDP by production and GDP by expenditure is the NBRK's nonstandard treatment of the residency of subsidiaries of foreign construction companies in the BOP, which results in an overstatement of imports and an understatement of GDP by expenditure.

10.   **Serviceability**. With the exception of the periodicity and timeliness of monthly central government operations, for which a flexibility option is taken, the Kazakh datasets fully conform to the periodicity and timeliness of the SDDS. In fact, Kazakhstan exceeds SDDS requirements in key areas such as GFS (general government operations monthly estimates within five weeks on a cash basis versus an SDDS requirement of annual estimates within two quarters), and the consumer price index (CPI) and producer price index (PPI) (which have a timeliness of one day versus the SDDS requirement of 30 days) and monetary statistics (which have a timeliness of 25 days versus one month for banking sector accounts,

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[1] Decumulated sources propagate the misallocation of transactions across the quarters of the year that is inherent in nonrevised cumulative data, and can cause spurious short term movements in quarterly series.

and seven days versus two weeks for central bank accounts). Since 2004, inconsistencies between monetary and IIP data on banks' external liabilities have been resolved. However, data inconsistencies remain in several areas: the national accounts internal discrepancy noted above between GDP by production and expenditure, which is generated by nonstandard residency criteria in the BOP; inconsistencies between monetary and GFS data on bank financing of government; and inconsistency between external debt statistics disseminated by the NBRK and the MOF, and the IIP statistics disseminated by the NBRK. Revision practices could be improved in certain areas, such as revising a data series in the monetary statistics, providing advance notice of methodological changes for GFS, monetary, and BOP revisions, and revising published GFS on the basis of audited figures.

11.   **Accessibility**. All three data-producing agencies have made significant improvements in both data and metadata accessibility since 2002. All six datasets are now readily available to the public and are accompanied by suitable, comprehensive documentation on concepts, scope, classification, basis of recording, data sources, and statistical techniques. Users of GFS data should be informed of the early access afforded certain government officials. Serviceability to users is very good, including clear identification of contact persons and provision of links to documentation on agency websites.

II.   ASSESSMENT BY AGENCY AND DATASET

Assessment of the quality of six macroeconomic datasets—national accounts, consumer price index (CPI), producer price index (PPI), government finance, monetary, and balance of payments (BOP) statistics—were conducted using the Data Quality Assessment Framework (DQAF). In this section, the results are presented at the level of the DQAF elements and using a four-point rating scale (Table 1). Assessments of the prerequisites of data quality and the assurances of integrity (Dimensions "0" and "1" of the DQAF) are presented in Tables 2a–c. For each dataset, the assessment of methodological soundness, accuracy and reliability, serviceability, and accessibility (Dimensions "2" to "5" of the DQAF) are shown in Tables 3a–f.

Table 1. Kazakhstan: Data Quality Assessment Framework—Summary Results

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

Dimensions/Elements	National Accounts	Consumer Price Index	Producer Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics
0. Prerequisites of quality						
0.1 Legal and institutional environment	O	O	O	O	O	O
0.2 Resources	LNO	LO	LO	O	O	O
0.3 Relevance	O	O	O	LO	O	O
0.4 Other quality management	O	O	O	O	O	O
1. Assurances of integrity						
1.1 Professionalism	O	O	O	O	O	O
1.2 Transparency	O	O	O	LO	LO	LO
1.3 Ethical standards	O	O	O	O	O	O
2. Methodological soundness						
2.1 Concepts and definitions	O	O	O	O	O	LO
2.2 Scope	O	O	O	LO	O	O
2.3 Classification/sectorization	O	O	O	LO	LO	O
2.4 Basis for recording	LO	O	O	LO	LO	O
3. Accuracy and reliability						
3.1 Source data	LO	O	O	O	O	O
3.2 Assessment of source data	O	O	O	O	O	O
3.3 Statistical techniques	LO	LO	LO	O	O	O
3.4 Assessment and validation of intermediate data and statistical outputs	O	O	O	O	O	O
3.5 Revision studies	O	O	O	LNO	O	O
4. Serviceability						
4.1 Periodicity and timeliness	O	O	O	O	O	O
4.2 Consistency	LO	O	O	LNO	LO	LO
4.3 Revision policy and practice	O	O	O	LNO	LO	O
5. Accessibility						
5.1 Data accessibility	O	O	O	LO	O	O
5.2 Metadata accessibility	O	O	O	O	O	O
5.3 Assistance to users	O	O	O	O	O	O

Practice observed: current practices generally in observance meet or achieve the objectives of DQAF internationally accepted statistical practices without any significant deficiencies. **Practice largely observed:** some departures, but these are not seen as sufficient to raise doubts about the authorities' ability to observe the DQAF practices. **Practice largely not observed:** significant departures and the authorities will need to take significant action to achieve observance. **Practice not observed:** most DQAF practices are not met. **Not applicable:** used only exceptionally when statistical practices do not apply to a country's circumstances.

Table 2a. Kazakhstan: Assessment of Data Quality—Dimensions 0 and 1—Agency of Statistics

0. Prerequisites of quality	1. Assurances of integrity
Legal and institutional environment The Agency of Statistics of the Republic of Kazakhstan (ASRK) is the country's central statistical agency responsible for inter-agency coordination. It is supported by a strong legal and institutional environment. The ASRK (i) ensures the functioning and improvement of a unified statistical information system; and (ii) prepares a program of official statistics, in coordination with other data-producing agencies; and implements the program after it is approved by the government.	**Professionalism** Article 8 of the Law on Official Statistics guarantees full professional independence to the ASRK in its statistical work and in the selection of methodologies and statistical techniques. The Law on Official Statistics (Article 4) obliges the ASRK to adhere to the principles of integrity, neutrality, and objectivity in the conduct of its operations. The compilers of national accounts statistics determine the data sources based solely on statistical considerations, i.e., measurement objectives and data requirements and giving due regard to quality, timeliness, costs, burden on respondents and compliance with international standards and good practices.
Resources The budgetary prospects for ASRK are generally good and the resources are used efficiently by allocating them in the context of the Plan of Statistical Activities. The ASRK is going through a reorganization period, moving its central office operations to the capital city, Astana. This is likely to cause some disruptions over the transition period; for example, about 15 percent of budgeted ASRK headquarters positions are currently vacant, and staff attrition on the eve of the ASRK reorganization has resulted in an acute staff shortage in the National Accounts Department. There is a need to allocate more resources to the quarterly national accounts program to make full use of discrete source data. Maintaining adequate staff level and continuing with a tight monthly compilation schedule in the Price and Labor Statistics Department during the organizational change will be difficult.	**Transparency** The website of the ASRK disseminates the Law on Official Statistics, and other documentation on the legal and institutional environment for producing and disseminating the statistics. The survey forms make reference to the Law on Official Statistics and to data confidentiality. The data are released simultaneously to all users.
Relevance Maintaining the relevance and practical utility of the statistics produced by the ASRK is required by Article 3 of the Law on Official Statistics. The ASRK staff keeps in touch with its main users when providing them with data and explaining the data and methodology, through 10 media conferences held through the year, and via a large number of publications and electronic disseminations, most of which include a feedback form. The ASRK Analysis and Publication Department and Coordination Department systematically collect users' feedback and route them to relevant departments for follow up. A national accounts user group recently established within the Public Council framework will improve user outreach for the national accounts. The user group also will contribute to addressing the related issue of reducing respondent burden (e.g., collecting only discrete data in surveys rather than both cumulative and discrete data).	**Ethical standards** Apart from the provisions of the Law on Official Statistics prohibiting disclosure of confidential information, staff conduct is guided by the Code of Honor for public servants.
Other quality management Article 4 of the Law on Official Statistics supports a strong focus on quality. Continuity of national accounts and price programs during a major reorganization and relocation of headquarters functions will require close attention to recruiting and training qualified staff to fill vacancies.	

Table 2b. Kazakhstan: Assessment of Data Quality—Dimensions 0 and 1—Ministry of Finance

0. Prerequisites of quality	1. Assurances of integrity
Legal and institutional environment The Reporting and Statistics Department (RSD) of the Ministry of Finance (MOF) has the main responsibility for the compilation and dissemination of government finance statistics (GFS). In addition, the Treasury Committee compiles and disseminates data on government and government guaranteed debt, while the State Borrowing Department compiles and disseminates data on borrowing. All aspects of the MOF's powers and responsibilities as the only agency responsible for the compilation and dissemination of GFS are defined in the Budget Code, No. 548 of April 24, 2004 (amended July 5, 2006). The effectiveness of data sharing with other agencies is sufficient for the compilation and dissemination of GFS. Coordination is assured by the execution of data provision agreements among agencies and departments, which specify the lists and reporting formats for the supply of data. **Resources** The RSD has sufficient staff and computing resources to carry out its existing compilation and dissemination responsibilities. If the government decides to migrate to the methodology of the *Government Finance Statistics Manual 2001 (GFSM 2001)*, more staff training in GFS methodology, and possibly more staff resources, will be needed. The Treasury Integrated Information System (TIIS), implemented in 2004 has greatly improved the efficiency of budget operations. **Relevance** The main mechanism for monitoring the utility of user needs is through the operation of the Methodological Council, which is chaired by the Minister. The members of the Council include the deputy ministers and heads of various MOF departments and committees. One of the Council's main responsibilities is to review the issues of methodology, accuracy and serviceability, as well as to set the work program for improving statistics and related administrative procedures. The Council meets as needed, but at least once per quarter. The statistics published in the MOF Statistical Bulletin and on the MOF website do not identify information on payables and receivables from past periods, and settled in the current period which would permit users, such as the Agency of Statistics of the Republic of Kazakhstan (ASRK), to adjust cash-basis statistics to an accrual basis. **Other quality management** Issues of data quality are addressed in the Budget Code and the Law on Official Statistics. Budget execution data are subjected to internal audit and external review by the Audit Committee for the Supervision over the Execution of the Republican Budget. Quality and timeliness of fiscal data is discussed in the MOF's Methodological Council in the context of developing and approving the work program for GFS. The MOF has no current plans to transition the GFS to *GFSM 2001*.	**Professionalism** The legislative provisions under the Budget Code and the Law on Official Statistics, together with adherence to international statistical practices, lay the foundations for the production of fiscal data on an impartial basis. The Ministry management of the MOF is responsible for responding to erroneous information on budget matters. The MOF press service prepares comments, which are distributed through press releases. **Transparency** Information about laws and practices governing the collection, compilation, and dissemination of budget data are available on the MOF's website (http://www.minfin.kz) and in the *Statistical Bulletin*. GFS/SDDS metadata are posted on the ASRK's website (http://www.stat.kz) and the IMF's Dissemination Standards Bulletin Board (DSBB) (http://dsbb.imf.org). Monthly republican budget execution data are made available to the office of the President of the Republic of Kazakhstan, the Republic of Kazakhstan government, the Audit Committee for the Supervision over the Execution of the Republican Budget, the central authorized internal control agency, and the Ministry of Economy and Budget Planning before they are publicly disseminated. This prior access is not publicized. The information published by the MOF on its website and in the *Statistical Bulletin* is clearly identified. Major changes affecting the production of budget data are publicized during the budget formulation process, and in the budget documents. However, there is no formal advance notification process that advises all users. **Ethical standards** Staff of the MOF is governed by the codes of ethics for civil servants, which prescribe the behavior standards for performance of official duties.

Table 2c. Kazakhstan: Assessment of Data Quality—Dimensions 0 and 1—National Bank

0. Prerequisites of quality	1. Assurances of integrity
Legal and institutional environment The National Bank of the Republic of Kazakhstan's (NBRK) responsibility for collecting and disseminating statistics is supported by a sound legal and institutional framework. The Law on the Republic of Kazakhstan National Bank (1995: Articles 8, 61) and the Law on Banks and Banking in the Republic of Kazakhstan (Article 54) authorizes the NBRK to collect the full range of monetary and financial, balance of payments (BOP), and international investment position (IIP) statistics from financial and nonfinancial organizations as needed to facilitate performance of its central bank functions. Data sharing among NBRK departments and with other agencies is adequate, with the Agency of Statistics of the Republic of Kazakhstan (ASRK) as the main coordinator of the work and activities of data producing agencies. Confidentiality of respondents' data is protected by law, and statistical reporting is ensured through legal mandate and measures to encourage response. **Resources** Staff, financial, and computing resources are adequate. Staff is well trained, training is provided on an on-going basis, and staff resources are efficiently organized into data collection, compilation, and dissemination functions; staff retention in the Statistics Division has been good since its inception in 1995. Computing resources are also well utilized to achieve efficiencies in data collection and compilation procedures. **Relevance** The NBRK consistently aims to adopt international standards in monetary and financial and BOP statistics that meet users' needs. This emphasis on international standards has led in the past decade to many significant improvements in the relevance and usefulness of data to users. While no formal mechanisms exist to solicit user feedback, the NBRK actively consults with users in outreach programs, seminars, and press conferences that facilitate the identification of user needs. **Other quality management** The importance of data quality to management is evidenced by its strong support of budgetary and resource requests from the statistics departments of the NBRK. Regular reviews are undertaken by staff to identify problems in the areas of data collection, processing, and dissemination. In formulating its statistical program in coordination with the ASRK, quality issues are assessed in the context of trade-offs between accuracy and timeliness in source data. User surveys are not conducted but feedback from users is considered when the NBRK prepares its statistical program.	**Professionalism** Provisions in the Law on Official Statistics grant independence to the NBRK in its statistical activities. Government officials do not comment on or regulate the release of data by the NBRK or request revisions without proper statistical justification. Compilers are hired on a competitive basis and adhere to civil service standards of professional conduct. Vacancies are publicly advertised and filled competitively. The choice of data processing and validation techniques are based solely on statistical considerations. Compilers actively follow the financial press and media coverage of the NBRK's products and the NBRK stands ready to comment on any erroneous interpretation and misuse of its statistics. **Transparency** The laws and codes governing the collection of statistics are published on the NBRK's website. Kazakhstan's SDDS metadata, available on the website, provide information on the processing and dissemination of data. Users outside the NBRK do not have prior access to data prior to their release. The NBRK's publications clearly identify the NBRK as the publisher. Users are notified of major changes in methodology and statistics when they occur but not prior to their introduction. **Ethical standards** The NBRK staff are required to follow the civil service code of honor, which specifies ethical and professional standards.

Table 3a. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—National Accounts

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions The national accounts concepts and definitions follow the *System of National Accounts 1993 (1993 SNA)*. **Scope** The scope of national accounts meets the minimum requirements for tables and accounts established by the Intersecretariat Working Group on National Accounts, as well as several accounts that are recommended by the working group. **Classification/sectorization** The classifications of institutional units, transactions and other flows broadly follow international practice, and include extensions to reflect national features. **Basis for recording** The valuation rules used for recording the flows and stocks follow the *1993 SNA*. The transactions are recorded, in principle, on an accrual basis with the exception of the general government data, that are recorded on a cash basis.	**Source data** The data collection program is sound except for newly-established sample surveys. To improve estimates of small business activity, there is a need to conduct supplementary surveys. An outstanding issue is the need to eliminate collection of cumulative data when discrete data are already collected. **Assessment of source data** The source data are routinely assessed for coverage and errors. **Statistical techniques** Imputation and adjustment methods are appropriate. The techniques for preparing the national accounts generally comply with *1993 SNA* requirements. Available data should be used to compile volume estimates via double deflation. **Assessment and validation of intermediate data and statistical outputs** Appropriate procedures are followed for validation. The statistical discrepancy is small and shown explicitly. **Revision studies** Revisions are studied regularly and the lessons drawn from them are applied to improve the estimates.	**Periodicity and timeliness** The GDP estimates are compiled with annual and quarterly periodicity. Their timeliness meets the Special Data Dissemination Standard (SDDS) requirements. **Consistency** Consistent GDP estimates are available from 1998. The GDP estimates by activity and expenditure components are overall internally consistent from a conceptual standpoint (statistical discrepancy is one percent of GDP). However, there are differences between the national accounts data and the balance of payments (BOP) data because the output of certain foreign construction companies is incorrectly treated as imports in the BOP. **Revision policy and practice** The revision policy for annual and quarterly national accounts is clearly established, punctually followed, and published in the annual statistical plan.	**Data accessibility** National accounts data are released simultaneously to all users following the advance release calendar; in electronic form and through publications; at a disaggregated level, with charts and tables; and accompanied with a commentary that explains the movements in the tracked variables. **Metadata accessibility** The metadata are disseminated at different levels: methodological notes, SDDS metadata, and through a recently published (2006) comprehensive methodological guidebook. **Assistance to users** The ASRK provides knowledgeable user support for its statistical output. All statistical publications identify individuals who may be contacted by mail, telephone, facsimile, or by e-mail. The ASRK publishes a comprehensive catalog of publications in print and on the internet.

Table 3b. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—Consumer Price Index

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions The concepts and definitions for household consumption expenditures are consistent with the *System of National Accounts 1993 (1993 SNA)* and determine the weights for the consumer price index (CPI). The weights are determined at the most detailed level of the Classification of Individual Consumption by Purpose (COICOP) classification and include expenditure on owner-occupied housing services. **Scope** All resident households, both urban and rural, are included in the CPI. On a geographic basis, the CPI covers 14 oblasts, 27 districts, Almaty, Astana, and three other large cities. The CPI includes housing costs such as rents, and since 2004 also includes owner-occupied housing. Illegal market transactions are not included. **Classification/sectorization** The *1993 SNA* classifies institutional units and the COICOP classification is used to classify household final consumption activities. **Basis for recording** The CPI weights are derived from consumption expenditures valued at market prices in accord with the *1993 SNA*.	**Source data** The household income and expenditure survey (HIES) for the index weights and a monthly price survey are based on international good practices and provide sound foundation for CPI compilation. Sample design and estimation procedures represent the survey universe. **Assessment of source data** The Agency of Statistics of the Republic of Kazakhstan (ASRK) collects regularly reviewed information on both sampling and nonsampling errors for all surveys. **Statistical techniques** Overall, the ASRK utilizes sound statistical techniques to ensure the accuracy and reliability of CPI compilation. However, current international guidance recommends the geometric mean rather than the ratio of average prices for elementary aggregation of price relatives, and the imputation method of some seasonal items in long time series has a potential flaw. **Assessment and validation of intermediate data and statistical outputs** The CPI is compared with comparable estimates from other major price indexes such as the producer price index. **Revision studies** A revision study is carried out when weights are revised annually.	**Periodicity and timeliness** Periodicity and timeliness meet Special Data Dissemination Standard (SDDS) requirements. The monthly CPI estimates are disseminated on the first day following the reporting period. **Consistency** The CPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant to aggregation by products or regions. The CPI estimates are consistent with the national accounts and with other price statistics systems. **Revision policy and practice** The CPI weight revision cycle is predetermined and stable from year to year and the users are well aware of this schedule. The weights are revised annually but the CPI estimates are final when first released and are not subject to revision.	**Data accessibility** The ASRK produces a wide range of publications where the CPI is included in a clear manner with accompanying charts, tables, and analysis of current-period developments to facilitate user understanding. **Metadata accessibility** A comprehensive set of methodological publications, all accessible through the ASRK website, provide information on CPI compilation at various levels of detail. **Assistance to users** The ASRK provides strong and knowledgeable user support for its statistical output. All statistical publications identify individuals who may be contacted by mail, telephone, facsimile, or by e-mail. The ASRK publishes a comprehensive catalog of publications in print and on the Internet.

Table 3c. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—Producer Price Index

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions The concepts and definitions used to compile the producer price index (PPI) follow international guidelines. The output PPI weights are based on the market value of industrial output following the *System of National Accounts 1993 (1993 SNA)*. The transaction specifications for individual goods to be priced follow the guidelines given in the *Producer Price Index Manual*. **Scope** The PPI covers core industrial activities and selected energy and production services and covering some 230 commodity groups. The enterprise coverage of the statistical enterprise register, used for the PPI establishment sample, and the product coverage broadly follows the *1993 SNA* including all resident enterprises. **Classification/sectorization** The PPI is based on European NACE- and CPA-derived activity and product classifications. **Basis for recording** The output PPI uses weights valued at basic prices, whereas purchaser's prices are used to value the input PPI weights.	**Source data** The source data for the PPI weights and prices are collected from comprehensive data programs. Up-to-date *State Statistical Register* and a sectoral catalog of enterprises are used for the establishment sample frame. Source data for weights and prices are consistent with the definitions, scope, and classification of the PPI. **Assessment of source data** The Agency of Statistics of the Republic of Kazakhstan (ASRK) collects regularly reviewed information on both sampling and nonsampling errors for all surveys. The regional offices analyze price movements of same products from different enterprises to identify nontypical price movements. **Statistical techniques** Overall, the ASRK utilizes sound statistical techniques to ensure the accuracy and reliability of PPI compilation. However, current international guidance recommends the geometric mean rather than the ratio of average prices for elementary aggregation of price relatives. **Assessment and validation of intermediate data and statistical outputs** Changes in the sub-level PPI are compared with the prices of agricultural products, the input producer prices, and export prices. **Revision studies** A revision study is carried out when weights are revised annually.	**Periodicity and timeliness** Periodicity and timeliness meet the Special Data Dissemination Standard (SDDS) requirements. The monthly PPI estimates are disseminated on the first day following the reporting period. **Consistency** The PPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant to aggregation by products or industries. The PPI estimates are consistent with the national accounts and with other price statistics systems. **Revision policy and practice** The PPI weight revision cycle is predetermined and stable from year to year and the users are well aware of this schedule. The weights are revised annually but the PPI estimates are final when first released and are not subject to revision.	**Data accessibility** The ASRK produces a wide range of publications where the PPI is included in a clear manner with accompanying charts, tables, and analysis of current-period developments to facilitate user understanding. **Metadata accessibility** A comprehensive set of methodological publications, all accessible through the ASRK website, provide information on the PPI compilation at various levels of detail. **Assistance to users** The ASRK provides knowledgeable user support for its statistical output. All statistical publications identify individuals who may be contacted by mail, telephone, facsimile, or by e-mail. The ASRK publishes a comprehensive catalog of publications in print and on the Internet.

Table 3d. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—Government Finance Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions The methodology for compiling fiscal data is broadly consistent with the IMF's *A Manual on Government Finance Statistics* (*GFSM 1986*). **Scope** Institutional coverage comprises the units of the State budget, which consolidates the Republican (central) and local government budgets. Data on the National Fund of the Republic of Kazakhstan (NFRK), an extrabudgetary fund that is conceptually part of the Republican (central) government, are concurrently published but are not consolidated in the presentation of Republican or State (general government) budget data. **Classification/sectorization** The budget classification is broadly consistent with the classification principles of the *GFSM 1986*. Under Chapter 5 of the Budget Code, a uniform budget classification is used to record the budget receipts and expenditure for all levels of government. Debt assumption under government guarantees and strict residency basis do not follow *GFSM* methodology. **Basis for recording** Data are recorded on a cash basis. Gross debt is recorded at face value. The authorities have no program for transition to the accrual methodology of the *Government Finance Statistics Manual 2001*.	**Source data** Source data are based on accounts kept by the Ministry of Finance Treasury Committee in its Integrated Information System. Debt data are based on the entries of the Treasury Committee. **Assessment of source data** Statistics on budgetary operations (other than data on foreign financed investment projects submitted by the implementing agencies) are compiled from administrative records on government transactions and the stock of public debt. **Statistical techniques** Data are compiled using software systems conforming to methodology prescribed by the Budget Code. Data on nonbank financing is estimated using methodology recommended by the IMF. **Assessment and validation of intermediate data and statistical outputs** Daily reconciliation of Treasury Committee and National Bank of the Republic of Kazakhstan (NBRK) data validate revenue and expenditure transactions against financing data. **Revision studies** Budget execution data are not normally replaced by audited data to allow revision studies.	**Periodicity and timeliness** Data on the execution of the State and Republican budgets are disseminated monthly. Breakdown of domestic financing into bank and nonbank financing is compiled quarterly. Debt data for the Republican (central) and local governments and the NBRK are disseminated quarterly. **Consistency** Budget data processing procedures ensure that the monthly data link consistently to annual data. 2003 and 2004 data were adjusted to account for discontinuities arising from changes to methodology. The Treasury Committee maintains a record of all borrowing in foreign currencies and is able to reconcile financing data with changes in debt. Although revisions of budget execution due to auditing are approved by the Parliament of the Republic of Kazakhstan and made public, their implications for government finance statistics are not analyzed. There are inconsistencies in the level of bank financing in the government finance and monetary statistics. **Revision policy and practice** Due to a policy of not revising published statistics, published cumulative budget execution statistics are not replaced by audited annual data. The policy of nonrevision is not disclosed in statistical publications.	**Data accessibility** Statistics on budgetary government operations are presented in a way that allows major aggregates and balancing items to be identified and related to detailed underlying data. The information presented is suitable for use in budget development and monitoring. Statistics that are provided approximate the detail and coverage set out in the *GFSM 1986* tables. Monthly data on the operations of the NFRK are disseminated concurrently with the budget data. In the monthly *Statistical Bulletin*, discrete quarterly data are presented for the latest year and the previous year. Although release dates are provided in advance on the IMF Special Data Dissemination Standard (SDDS) website for government operations and debt, the MOF does not issue an advance calendar for its own releases of budget execution and debt data. **Metadata accessibility** A summary of the methodology, explanatory notes, and concepts and definitions used is published in the monthly *Statistical Bulletin* and on the websites of the Agency of Statistics of the Republic of Kazakhstan (http://www.stat.kz) and the IMF (http://www.dsbb.imf.org). Certain officials have prior unpublicized access to data. **Assistance to users** The MOF *Statistical Bulletin* and website provide contact persons for statistics on government operations. The MOF provides reasonably timely responses to queries, as required by the Budget Code.

Table 3e. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—Monetary Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions The analytical framework used in compiling monetary statistics is largely in line with the IMF's *Monetary and Financial Statistics Manual (MFSM)*. **Scope** The scope of monetary statistics is also generally in line with the *MFSM* guidelines. Credit partnerships (have been excluded from monetary statistics because of a change in their regulatory status as financial institutions, but credit partnerships are presently a very small part of the banking system. **Classification/sectorization** The classification of instruments and sectorization of institutional units also largely conform to the *MFSM* guidelines. The main exception is that the deposit liabilities of the National Bank of the Republic of Kazakhstan (NBRK) to the National Fund of the Republic of Kazakhstan (NFRK) are not identified as belonging to the central government sector. **Basis for recording** The basis for recording is broadly in line with the *MFSM* guidelines. Market exchange rates are now used to convert foreign currency accounts into domestic currency. However, securities held for investment purposes are still not valued at market prices.	**Source data** The source data from the NBRK and banks' charts of accounts provide sufficiently detailed information for compiling monetary statistics. A problem involving the residency status of source data has been resolved by collecting supplementary data. **Assessment of source data** Automated cross-checking of data on a bank-by-bank basis against other data sources is routinely done. **Statistical techniques** Statistical techniques are sound. Electronic reporting, data processing procedures, and data compilation practices enable the production of accurate and timely monetary statistics. **Assessment and validation of intermediate data and statistical outputs** The NBRK's computer system checks balance sheet data against supplementary information and automatically generates error reports of data inconsistencies. **Revision studies** Revision studies are undertaken by examining banks' explanations of reclassifications in the source data to highlight reporting issues that may warrant clarification.	**Periodicity and timeliness** Data periodicity and timeliness follow Special Data Dissemination Standard (SDDS) standards. **Consistency** Statistics are largely consistent within the dataset and over time. Inconsistencies between monetary and IIP data have been resolved but inconsistencies between monetary and government finance statistics data on bank financing of the government sector remain unresolved. **Revision policy and practice** Revisions implicitly follow the balance of payments/international investment position (IIP) revision cycle because they are made whenever inconsistencies with IIP data suggest a problem on the monetary side. Revisions are also made when changes occur in the compilation methodology. However, data on NBRK notes by sector are not published when they become available. Studies of revisions are not made public.	**Data accessibility** Monetary statistics are presented in a clear manner using tables. Methodological notes and definitions of indicators are included in the Russian and Kazakh versions of the NBRK's *Statistical Bulletin*. Statistics are released on a pre-announced schedule, made available to users at the same time, and the NBRK's website has been significantly enhanced in recent years as a medium for disseminating statistics, receiving excellent feedback from users. **Metadata accessibility** SDDS metadata describes the broad scope, main concepts, and definitions used in compiling monetary statistics. Methodological notes are also presented on the NBRK's website. The NBRK's paper publications, website, and SDDS metadata provide alternative levels of detail on compilation methodology. **Assistance to users** Contact information on monetary statistics is available on the SDDS webpage and in the *Statistical Bulletin*. Major NBRK publications can be downloaded free of charge from the NBRK website.

Table 3f. Kazakhstan: Assessment of Data Quality—Dimensions 2 to 5—Balance of Payments Statistics

2. Methodological soundness	3. Accuracy and reliability	4. Serviceability	5. Accessibility
Concepts and definitions In general, the balance of payments (BOP) of the Republic of Kazakhstan is compiled in concordance with the *Balance of Payments Statistics Manual*, fifth edition (*BPM5*). However, the local branches of foreign construction and drilling companies are not considered as resident entities which is not in accordance with the residency concept of the *BPM5* and the *System of National Accounts 1993 (1993 SNA)*. **Scope** All types of transactions between resident and nonresident units are covered. Unrecorded transactions are estimated, with the exception of foreign currencies in cash held by individuals which are not subject to any evaluation. The geographical coverage comprises the territory of the Republic of Kazakhstan. **Classification/sectorization** The compilation and presentation of the BOP meet *BPM5* recommendations for classification and sectorization. **Basis for recording** In general, transactions are valued at market prices and converted at the exchange rate at the date of the transaction, and stocks of assets and liabilities are recorded on the basis of market value. BOP flows are on an accrual basis, except for dividends on direct and portfolio investment which are recorded at the time they are paid.	**Source data** The compilation of the BOP is essentially based on two series of data sources. General merchandise trade statistics are obtained from customs data, while other transactions are compiled from surveys data, carried out by the National Bank of the Republic of Kazakhstan (NBRK). The coverage is very comprehensive and data are reported on a timely fashion. **Assessment of source data** Verification of data pertain to consistency checks within the survey form, ensuring the quality and reliability of the information provided and further enhanced by linking the data at subsequent levels. **Statistical techniques** Statistical techniques are used to complete or adjust the source data in several items of the BOP, in particular the current account (adjustments to trade data to account for shuttle trade, estimates of travel, and compensation of employees, migrant transfers). **Assessment and validation of intermediate data and statistical outputs** Data reported by banks for monetary statistics are reconciled with BOP transactions. Also, the data reported by enterprises are checked against data received within the currency regulation regimes. **Revision studies** Although BOP statistics are constantly revised, no studies are carried out to assess the initial estimates against revised or final estimate for a given period of time.	**Periodicity and timeliness** BOP statistics are disseminated quarterly, within one quarter after the reference period, which meets the Special Data Dissemination Standard (SDDS) requirements. **Consistency** Statistical series are sufficiently detailed to check that data are internally consistent. However, time series are not completely consistent since the shift in responsibility for collecting data of enterprises from the Agency of Statistics of the Republic of Kazakhstan (to the NBRK in 1999. In addition, users cannot completely reconcile BOP/IIP statistics with other data sets such as external debt and national accounts statistics. **Revision policy and practice** Data are revised twice a year, in October and April. Revisions of data are made for the two preceding years, and full BOP series are published for these two years. Particularly with regard to significant revisions, full explanations of the underlying reasons are published. No distinction is made between preliminary, revised, and final data.	**Data accessibility** BOP statistics are published in their standard (detailed) and analytic (short) presentations. The data are released on the NBRK's Internet website. Hard copies of BOP statistics are available monthly in the Statistical Bulletin, quarterly in *The Balance of Payments and External Debt of the Republic of Kazakhstan*, and in the *Annual Report* of the NBRK. An advance release calendar that gives the precise release dates for the next twelve months is disseminated on the NBRK's Internet website (http://www.nationalbank.kz/......) **Metadata accessibility** Methodological notes are disseminated on the NBRK's website, and details on the methodology are published in *The Balance of Payments and External Debt of the Republic of Kazakhstan*. **Assistance to users** The NBRK's publications and website indicate the names and references of contact points for each subject field.

III. STAFF'S RECOMMENDATIONS[2]

12.   Based on the review of Kazakhstan's statistical practices, discussions with the data producing agencies, and responses from data users (see Appendix III of the Detailed Assessments volume), the mission has a set of recommendations. They are designed to increase further Kazakhstan's adherence to internationally-accepted statistical practices and would, in the mission's view, enhance the analytical usefulness of Kazakhstan's statistics. Some additional technical suggestions are included in the Detailed Assessments volume.

Cross-cutting recommendations

- The MOF should reconcile its data on bank financing of general government with the same data disseminated in the NBRK's *Statistical Bulletin*. The MOF could consider taking data on bank financing of general government from the NBRK.

- The MOF should disseminate sufficient information on payables and receivables from past periods, and settled in the current period, that would permit users (for example, ASRK in compiling accounts for the central and general government institutional sectors), to adjust cash basis GFS statistics to an accrual basis.

- The NBRK should compile and disseminate external debt statistics that are consistent with its IIP statistics. The MOF is encouraged to disseminate data on public external debt in line with the NBRK's statistics.

- Subsidiaries of foreign construction and drilling companies should be considered resident statistically, and therefore subject to NBRK surveys as any other resident entity engaged in foreign transactions. Data from surveys of these units currently under development by the NBRK should be incorporated as soon as they begin to yield reliable data. This change in methodology will result in significant revisions to time series, in particular for the current account, and their introduction will have to be managed carefully (backward revision of time series, preparation of information for users). This will improve not only the adherence to internationally-standard concepts of the BOP, but also the internal consistency of the national accounts by reducing the discrepancy between GDP by production and GDP by expenditure.

National accounts

- In view of staff attrition on the eve of the ASRK headquarters reorganization, close attention should be given to filling vacancies with qualified applicants and providing training to the new staff, so that sufficient skilled national accounts and price statistics staff are available to ensure program continuity.

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[2] Please see Volume II, Response by the Authorities regarding actions Kazakhstan has taken on these recommendations since the dates of the mission.

- The ASRK is encouraged to use the recently established users' group to monitor users' needs systematically and periodically (for example biannually), to provide feedback on the quality of the data disseminated, detail, and possible future developments, and to inform users on the specific aspects of the current data, in particular regarding the compilation and dissemination of national accounts data by discrete (quarterly) periods rather than cumulatively.

- Investigate further options for streamlining the statistical program by focusing attention and resources on collecting and disseminating the data by discrete time periods, and providing more resources to the quarterly national accounts to make greater use of such data.

- Exploit administrative data sources and, as needed, conduct small-scale supplementary surveys to improve the coverage of small businesses in selected activities such as retail trade and construction, which are growing rapidly in economic importance and becoming a major source of employment.

- Available data should be used to compile volume estimates via double deflation.

Consumer and producer price indices

- Consider changing the elementary aggregate formula of both indices to a geometric mean, as currently recommended by the *CPI Manual* and *PPI Manual*.

- The imputation method for seasonal goods in the CPI should be changed so that the index picks up the price change at the beginning of a new season. The price change should be based on the imputed value and the new season price at the time the seasonal item appears in the price collection.

Government finance statistics

- Users should be advised, in the Statistical Bulletin and on the MOF website, that certain officials have prior access to budget execution data.

- Users should be provided with advance notification of major changes in methodology, source data, and statistical techniques.

- The MOF is encouraged to re-establish implementation of the *GFSM 2001* in its statistical plan; the 2002 data ROSC noted that it had been a part of the MOF's forward program, but the mission was informed that the MOF has no current plans to undertake this work. In view of the ready availability of data on financial assets and liabilities, the MOF could take a first step toward transition to *GFSM 2001* methodology by compiling government financial balance sheets. By bringing the basis for recording to the accrual standard, adopting *GFSM 2001* will improve the fitness for policy use, not only of the GFS, but also of the national accounts.

- The MOF should consider including operations of the NFRK in the coverage of central and general government when compiling consolidated statements of government operations. If MOF includes the NFRK in consolidated statements of government operations, NBRK should classify its liabilities to the NFRK as belonging to the central government sector, in line with the recommended treatment of the NFRK in GFS.

- When a debtor defaults on government guaranteed debt, the debt should be assumed by the guarantor, and shown as government debt. The creditor agreement with the borrower should be recorded as a government financial asset, which will offset the assumed government debt liability in the government's balance sheet. This presentation assists transparency, however it requires the dissemination of government financial balance sheets. Debt data should be compiled on a current residency and sector of debt holder basis that reconciles with NBRK monetary and IIP data.

- The MOF should establish a formal reconciliation process with the NBRK to explain the inconsistency among fiscal, monetary, and IIP data.

- The MOF should disclose its revision policy in its statistical publications. Published cumulative budget execution statistics should be replaced by audited annual data.

Monetary statistics

- With the introduction of a new data series in the NBRK's *Statistical Bulletin* called "narrow reserve money" to supplement the existing data series, reserve money, it would also be useful to provide the definition of and data for required reserves to allow users to better understand the relationship between these three measures of reserve money.

- Resume collection of data on and coverage of credit partnerships in the banking system survey. Credit partnerships currently are such a small part of the banking system that their exclusion does not now materially affect the scope of monetary statistics. However, as unsupervised financial institutions, they may grow to become a material part of monetary and credit activities in Kazakhstan.

- Revalue banks' holdings of securities for investment purposes at market prices, not historic or amortized cost.

- Additional data on NBRK notes by sector, which are collected by the Central Securities Depository, should be published when they become available.

Balance of payments statistics

- The NBRK should include in its publications information on the revision status of the data disseminated: initial (or preliminary), revised, and final.

Appendix I. Kazakhstan: Practices Compared to the SDDS Coverage, Periodicity, and Timeliness of Data

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	Kazakhstan	SDDS	Kazakhstan	
Real Sector						
National accounts	Yes	Q	Q	Q	NLT 1Q	
Production Index/indices	Yes	M	M	6W *(1M encouraged)*	12D	
Forward-looking Indicators	*(encouraged data category)*	*M or Q*	-	*M or Q*	-	
Employment	Yes	Q	Q	Q	45D	
Unemployment	Yes	Q	Q	Q	45D	
Wages/earnings	Yes	Q	M	Q	40D	
Consumer price index	Yes	M	M	M	1D	
Producer price index	Yes	M	M	M	1D	
Fiscal Sector						
General govt. Operations	Yes	A	M	2Q	5W	
Central govt. Operations	Yes	M	M (revenue, expend., balance) Q (financing data)	M	5W	Flexibility option for periodicity and timeliness
Central govt. debt	Yes	Q	Q	Q	5W	
Financial Sector						
Analytical accounts of the banking sector	Yes	M	M	M	25D	
Analytical accounts of the central bank	Yes	M (1W recommended)	M	2W *(1W encouraged)*	7D	
Interest rates	Yes	D	D	D	...	
Stock market: share price index	Yes	D	D	D	1D	
External Sector						
Balance of Payments	Yes	Q	Q	Q	Q	
Official reserve assets	Yes	M (W recommended)	M	W	7D	
Reserves template	Yes	M	M	M	7D	
Merchandise trade	Yes	M	M	8W *(4–6W encouraged)*	M	
International Investment Position	Yes	A (Q recommended)	Q	3Q *(1Q encouraged)*	Q	
External debt	Yes	Q	Q	Q	Q	
Exchange rates	Yes	D	D	…	Same day	
Addendum: Population	Yes	A	A	…	A	

Note: Periodicity and timeliness: (D) daily; (W) weekly or with a lag of no more than one week from the reference data or the closing of the reference week; (M) monthly or with a lag of no more than one month; (Q) quarterly or with a lag of no more than one quarter; (A) annually; and (…) not applicable.

Italics indicate encouraged categories.

INTERNATIONAL MONETARY FUND

REPUBLIC OF KAZAKHSTAN

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

Response by the Authorities

January 24, 2008

This document contains the authorities' response to the IMF's data quality assessment (Volumes I and III).

Contents **Page**

I. National Accounts, Consumer Price Index, and Producer Price Index

The Agency of Statistics of the Republic of Kazakhstan consents to publication of the Report on Observance of Standards and Codes—Data Module and Detailed Assessments for the national accounts, consumer price index, and producer price index of the Republic of Kazakhstan.

Zulfiya Medetovna Sultanova
Director, Coordination Department
Coordinator for Kazakhstan
Agency of Statistics of the Republic of Kazakhstan

II. Government Finance Statistics

The Ministry of Finance of Republic of Kazakhstan (referred to hereinafter as the Ministry) has reviewed the Report on the Observance of Standards and Codes (ROSC)—Data Module and the Detailed Assessments Using the Data Quality Assessment Framework (DQAF) of August 17, 2007, which were prepared by the International Monetary Fund (IMF), and on the whole has no objections to their publication. At the same time, however, the Ministry would like to inform you of the need to include the following information in the authorities' response to the material provided by the IMF.

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

Section I. Overall Assessment

Item 6 of the report states: " … The Ministry of Finance (MOF) could improve the relevance of its data to users by publishing breakdowns of its cash-based statistics allowing ASRK to compile accrual-based sector accounts for the general government." In this regard, we would like to inform you that the Ministry of Finance compiles reporting on budget execution on a cash basis in accordance with the budget legislation, and it is forwarded to the Agency of Statistics of the Republic of Kazakhstan with the breakdowns it requests. Furthermore, the ASRK has not raised the question of the need for the Republic of Kazakhstan Ministry of Finance to provide it with additional data to enable it to compile accrual-based sector accounts for the general government. In this connection, it is the Ministry's opinion that the aforementioned version of the report is not correct.

With regard to *item 7 of the report* and the *IMF recommendations (the second paragraph of the government finance statistics recommendations)*, it should be mentioned that in the Republic of Kazakhstan changes and additions to the methodology concerning budget execution are made through the approval of a special legislative act. In accordance with Republic of Kazakhstan Law No. 213 of March 24, 1998 "On Regulatory Legal Acts," legislative acts enter into force ten calendar days following their first official publication. Thus, government finance statistics users are notified of changes in the budget execution

methodology ten days prior to their entry into force. Furthermore, according to the aforementioned law, experts in various fields of knowledge, scientific institutions, scientists, and representatives of public associations may be called upon to participate in the preparation of draft laws, and there is also a practice of discussing them with the public both in the press and on television.

Section II. Assessment by Agency and Dataset

With regard to *item 3.5 in Table 1. Kazakhstan: Data Quality Assessment Framework—Summary Results*, as well as the Staff's Recommendations (the seventh paragraph of the recommendations concerning government finance statistics), the Ministry would like to note that in accordance with the Republic of Kazakhstan Budget Code, reporting on budget execution must be reliable, which means that it represents the true nature of the operations performed and there are no reporting errors. Budget execution data compiled on a cash basis are final at the time of their initial publication and are not subject to revision, in connection with which the IMF recommendations regarding the revision of reporting data cannot be followed.

Inasmuch as the "Relevance" section in Table 2b and the Staff's Recommendations (*the second paragraph of the cross-cutting recommendations*) indicate that the Agency of Statistics of the Republic of Kazakhstan needs data on payables and receivables from past periods settled in the current period to adjust cash-basis statistics to an accrual basis, the Ministry would like to inform you that it is prepared to provide this information in response to the relevant request from the Agency.

With regard to *Appendix I. Kazakhstan: Practices compared to the SDDS Coverage, Periodicity, and Timeliness of Data*, the Ministry would like to inform you that data on the execution of the state, republican, and local budgets (summaries and broken down by oblasts and the cities of Almaty and Astana) are posted by the Ministry in aggregate form before the 25th of the month following the reporting month on the "State Budget and National Fund" page of the Republic of Kazakhstan Ministry of Finance website. In connection with this, the periodicity and timeliness of data for operations in the general government sector and central government are monthly, rather than every five weeks.

The Ministry has taken the other recommendations into account and they will be reviewed and incorporated into the relevant amendments to the legislation.

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

With regard to *item 3.1.1* (first paragraph, page 19 [16 in the English text], and the second paragraph, page 22 [17]), it should be noted that government finance statistics include expenditures whose classification is provided under *item 5.1.1* (page 108 [90]), in connection with which the version of this item which refers only to defense-related expenditure is not clear.

With regard to gaining access to republican budget execution data (*second paragraph of item 1.2.2, page 94 [81]*), it should be noted that in addition to the publication of the *Statistical Bulletin*, the Ministry also posts a report on republican budget execution in aggregate form before 25th of the month following the reporting month on the "State Budget and National Fund" page of the Republic of Kazakhstan Ministry of Finance website.

The response to *item 1.2.4* regarding advance notification of users of major changes in methodology by the Ministry is provided above.

Decree No. 302 of the President of the Republic of Kazakhstan of March 27, 2007 established the National Space Agency of the Republic of Kazakhstan, and thus the number of administrators of republican budget programs is now 37, 17 of which are ministries and 21 [sic] are central agencies (*item 2.2.1.1*).

The Ministry's opinion regarding the analysis of data revisions (*item 3.5.1*) is provided above.

Comments regarding the timeliness of the dissemination of budget execution data (*item 4.1.2*) are provided above.

With regard to *item 4.3.3* concerning the replacement of cumulative budget execution data by audited annual data, it should be noted that in accordance with the RK Budget Code, reporting on budget execution is subject to internal and external controls, however, after being audited, reporting data may not be changed, since they are supposed to reflect the true nature of the operations performed, as noted above.

With regard to *item 5.1.3*, the Ministry would like to note that the monthly periodical publication *Statistical Bulletin* is released once a month, before the 15th of the second month following the reporting month.

D. Yergozhin
Deputy Minister
Ministry of Finance of the Republic of Kazakhstan

III. MONETARY AND BALANCE OF PAYMENTS STATISTICS

Monetary statistics

Pursuant to the recommendations of the IMF mission, a data series for reserve deposits of banks at the National Bank has been included in the *Statistical Bulletin of the National Bank of the Republic of Kazakhstan*, and furthermore, definitions of narrow base money and reserve deposits have been added to the "Methodological Commentary" section of the *Bulletin*.

The National Bank intends to begin publication this year of data on holders of NBRK notes with a breakdown by sectors of the economy.

With regard to the classification of data for the National Fund of the Republic of Kazakhstan by sector of the economy, we can report that in the event that the Republic of Kazakhstan Ministry of Finance includes National Fund resources in the consolidated report on government operations, the National Bank is prepared to classify its liabilities to the National Fund as liabilities to central government.

Balance of payments and external debt statistics

The matter of the discrepancy between the statistical data compiled by the National Bank of the Republic of Kazakhstan on gross external debt and the international investment position has been resolved. The National Bank of the Republic of Kazakhstan has been including money market instruments issued by the Ministry of Finance and the National Bank in the domestic market and acquired by nonresidents in the secondary market as part of external debt and it has been publishing fully comparable external debt statistics and international investment position data since April 2007.

The reclassification of subsidiaries of foreign construction and drilling companies as residents of the country is planned as the new sixth edition of the IMF *Balance of Payments Manual* (*BOP6*) is put into practice, following which these institutional units will be covered by surveys conducted by the NBRK in the same way as other resident units engaged in foreign economic operations.

In 2006 an effort was undertaken in the Republic of Kazakhstan to legalize labor migrants from CIS countries. On the basis of data obtained as a result of this effort, an estimate of wages paid to unregistered labor migrants from CIS countries working in Kazakhstan has been added to debit entries for compensation of employees compiled on the basis of statistical reporting by enterprises.

The National Bank has been working since 2007 to revise the coverage of enterprises that can be included in the oil sector for the purposes of compilation of the oil sector's balance of payments. It is expected that the results of this work will be published for the first time in late 2008.

D. Akishev
Deputy Chairman
National Bank of the Republic of Kazakhstan

INTERNATIONAL MONETARY FUND

REPUBLIC OF KAZAKHSTAN

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

Prepared by the Statistics Department

Approved by Robert W. Edwards and Mohsin S. Khan

January 24, 2008

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

Contents **Page**

ACRONYMS

1993 SNA	*System of National Accounts 1993*
ASRK	Agency of Statistics of the Republic of Kazakhstan
BPM5	*Balance of Payments Manual*, fifth edition
BPMS	Budget Process Monitoring System
CPI	Consumer Price Index
CPI Manual	*Consumer Price Index Manual*
CPs	Credit partnerships
DQAF	Data Quality Assessment Framework
DSBB	Dissemination Standards Bulletin Board
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GFSM 1986	*A Manual of Government Finance Statistics,* 1986
GFSM 2001	*Government Finance Statistics Manual 2001*
IIP	International Investment Position
ISWGNA	Inter-secretariat Working Group on National Accounts
MFSM	*Monetary and Financial Statistics Manual*
MOF	Ministry of Finance
NACE	General Industrial Classification of Economic Activities within the European Communities
NBRK	National Bank of the Republic of Kazakhstan
NFRK	National Fund of the Republic of Kazakhstan
NSDP	National Summary Data Page
PPI	Producer Price Index
PPI Manual	*Producer Price Index Manual*
ROSC	Report on the Observance of Standards and Codes
RSD	Reporting and Statistics Department
SDDS	Special Data Dissemination Standard
TIIS	Treasury Integrated Information System
UN	United Nations
VAT	Value Added Tax

DETAILED ASSESSMENT USING THE DATA QUALITY ASSESSMENT FRAMEWORK (DQAF)

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

I. NATIONAL ACCOUNTS

0. Prerequisites of quality

0.1 Legal and institutional environment

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

The government resolution on the Agency of Statistics of the Republic of Kazakhstan (ASRK) (No. 1460 of December 31, 2004) identifies the ASRK as the central executive agency on statistics. The Law on Official Statistics (No. 98-1 dated May 7, 1997 supplemented by amendments No. 280-II in January 2002, and No. 14-III in 2004) that governs the collection and dissemination of official statistics, reinforces the ASRK's mandate to collect, process and disseminate official statistics.

Accordingly, the ASRK: (i) ensures the functioning and improvement of a unified statistical information system for the country; and in this context (ii) prepares a program of official statistics in coordination with other data-producing agencies; and implements the program after it is approved by the government. The current statistical program includes a three-year program for developing statistics (2006–2008), as well as an annual operational Plan of Statistical Activities that are embedded in the budgetary process.

The compilation of national accounts and price statistics and the improvement of these statistics are outlined in this plan.

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

Data sharing and inter-agency coordination among data-producing agencies are adequate with strong legal support provided by Article 10 of the Law on Official Statistics and Government Resolution No. 1460 on the ASRK of December 2004. Article 10 empowers the

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ASRK to request government agencies to provide it with the data they produce in the process of carrying out their responsibilities. As well, Articles 3 and 8 of the Law on Official Statistics obligate the ASRK to coordinate the statistical activities of government agencies. This is done primarily through the medium-term program for developing statistics and annual statistical plans (see 0.1.1). Major issues of statistical coordination may be raised in the Council on Economic Policy that is chaired by the Prime Minister and includes senior officials, including the finance minister, and heads of the national bank and the ASRK. The Council was established on October 25, 2003 by Government Resolution No. 202 with a mandate to conduct government economic policy, make recommendations for economic and social development over the medium and long term, prevent economic crises, and, if they occur, to minimize their impact.

Data sharing is also ensured through the annual Plan of Statistical Activities and through agreements between the ASRK, the Ministry of Finance (MOF), and the National Bank of the Republic of Kazakhstan (NBRK) on cooperation in statistics.

In general, the National Accounts Department may access the aggregated data that it needs from the registers, data files, the data collected, processed and stored by other data-producing agencies. For example, in line with the terms of reference of the governmental Interagency Task Force to promote small and medium business and to reduce the reporting burden of such businesses the ASRK receives the data on the sales, expenses and other balance sheet items of such enterprises from the Tax Committee of the MOF.

Since July 29, 1997, when Government Order 1184 established the Inter-Agency Council for Improving Government Statistics, the Council on Economic Policy and the ASRK together have appropriated the functions of the Inter-Agency Council. The Inter-Agency Council thus was abolished on March 4, 2005 (Government Resolution No. 206). It had been the main vehicle for coordinating the activities of the data-producing agencies in methodology, statistical standards, and statistical collaboration. The Inter-Agency Council included the First Deputy Prime Minister and 15 other members representing other governmental institutions.

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

The confidentiality of individual reporters' data is safeguarded by Articles 11–13 of the Law on Official Statistics and by the ASRK's rules for collecting information. The order of the Chairman of the ASRK (No. 72 dated July 10, 2002) *On Establishing the Rules for Presenting Statistical Reports* states that disclosure of reporters' data is punishable in accordance with the Administrative Code. These articles and rules make it compulsory for all concerned agencies to protect the confidentiality of the individual reporters' data; and they

hold the statistical staff legally responsible for protecting the confidentiality of the reporters' data. Also, government agencies and their territorial offices are obligated to observe state and commercial secrets; and to guarantee that individual reporters' data may be disseminated only with the consent of the reporters. The statistical authorities must also ensure that the reported data are used exclusively for statistical purposes. Violation of these rules may incur punitive actions as provided in Article 383 of the Code of Administrative Violations (effective January 30, 2001): "sale, transfer to anyone, or other disclosure of statistics that are commercial secrets by an official without the consent of their lawful possessor shall incur a fine."

The ASRK takes the following steps to protect the individual reporters' data: (i) it gives clear instructions to the staff about their legal obligation to maintain the confidentiality of the individual information; (ii) it restricts the access to individual reporters' data to only those staff who require the information; (iii) it applies aggregation rules to prevent the disclosure of residual information through dissemination, though the data confidentiality provisions do not apply to state-owned enterprises; and (iv) it may take punitive measures against the staff who disclose confidential data and/or violate the legal provisions concerning the confidentiality and secrecy of the reported data.

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

Articles 3 and 10 of the Law on Official Statistics are the legal basis to obtain information from reporters as well as to elicit strong response "on compulsory basis" and "free of charge." As well, Government Resolution No. 1460 of December 31, 2004 (see 0.1.1) requires that the requested information must be accurate and comply with the format and deadlines specified in the Plan of Statistical Activities. The resolution also gives the ASRK the statutory power that makes its normative and legal acts obligatory for reporting units. Noncompliance with the reporting requirements, including misreporting, is punishable under the Administrative Code (see 0.1.3).

To check the accuracy of the reported data the national accounts and price statistics central office staff may approach the regional ASRK staff to contact and visit business units. The inspections are on an as-needed basis and undertaken selectively, often involving the sector specialists.

In practice, the response of the large- and medium-size reporters is adequate. The national accounts staff meets these reporters regularly to encourage full and timely response and to receive feedback on the reporting burden. On the other hand, the information provided by small businesses is often inaccurate. To improve the quality of this information, the ASRK now collects information from these businesses using random sampling techniques focusing

on the quality of the reported information while reducing the respondent burden of the reporting units.

The national accounts staff has regular contacts with foreign oil and gas companies to encourage timely response. The response from such companies has improved over time. Nevertheless, there are certain firms that do not presently fully comply with the legal reporting requirements. The national accounts and other ASRK staff are in contact with these firms to improve their reporting behavior.

0.2   Resources

0.2.1   Staff, facilities, computing resources, and financing are commensurate with statistical programs

The ASRK central office has a total of 186 staff, of which the National Accounts Department comprises 19 and the Price and Labor Statistics Department comprises 23. Some 15 full-time staff, including the information technology staff assigned to the price programs, work on the consumer price index (CPI) and the producer price index (PPI). This excludes the regional offices' price staff undertaking a major part of the collection and validation tasks. The national accounts staff work in four divisions covering the following:

- gross domestic product (GDP) by Production and Expenditure Approach— compilation of annual and quarterly GDP estimates, as well as by income approach on an annual basis;

- integrated Economic Accounts—the full sequence of accounts and accounts by institutional sectors;

- supply-use tables; and

- financial Statistics Data—design and processing of data from the annual report of enterprises (balance sheet and profit-loss statement).

Additionally the satellite accounts of tourism and accumulation accounts are compiled but are presently not disseminated. The accounts for 2005 are being finalized for publication in early 2007.

The staff is highly experienced with adequate qualifications and training in statistical compilation. All the staff members have a university degree. National accounts staff received training in national accounts in the early 1990s from the Organization for Economic Cooperation and Development. Key price statistics staff received training in price statistics from various European, American, and international statistical agencies in the early 1990s.

Since then the price statistics staff have periodically participated in international conferences and seminars. The staff is also being introduced to the new *Consumer Price Index Manual (CPI Manual)* and *Producer Price Index Manual (PPI Manual)*.

Computer resources are adequate. Each expert in the National Accounts Department has a personal computer. The computers are connected by a network. Hardware and software facilities are adequately up-to-date. Backup procedures are adequate for the national accounts and prices programs with multiple backups in hard copy as well as electronic.

The proposed reorganization of the ASRK includes relocation to Astana of agency and departmental management, as well as senior professionals, comprising about 30 percent of the current Almaty staff. The remaining staff of the new Astana headquarters will be recruited in part from existing ASRK staff and in part from new hires. The ASRK has received funds for the logistics of the move to Astana and management sees training of new and existing staff as a priority. The continuity of the national accounts and price statistics programs will require close attention during the transition period to filling vacancies with qualified applicants and providing training for new staff.

Although financial resources are broadly commensurate with the requirements of the statistical program, the number of staff in the national accounts program is inadequate to maintain the current volume and timeliness of national accounts statistics. The number of staff in both Departments has declined in recent months because of staff attrition on the eve of the ASRK headquarters reorganization. There are five vacancies in the National Accounts Department and four in the Price and Labor Statistics Department. Any further reduction, particularly of the experienced staff that provides continuity and institutional memory for the national accounts program, will affect the volume and timeliness of the statistics produced. A further reduction of eight staff is expected in the National Accounts Department in the context of upcoming administrative reforms.

Although the national accounts staff is highly experienced with adequate university and on the job training, members of the staff have received little training in international fora during the last decade. Only three members of the present staff have received training in the IMF's national accounts courses. The work load of the staff is very heavy. There is also pressure to increase the scope of the national accounts statistics program and improve the timeliness of the statistics produced. The challenge for the ASRK is to hire and retain qualified young staff to ensure succession and continuity of the national accounts program, as well as to make greater use of the available discrete data to compile quarterly national accounts.

In view of the current inadequate staff situation urgent action is needed to ensure that the current vacancies are filled, adequate training is provided to the new staff and sufficient

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skilled staff are available to successfully implement the national accounts and price statistics programs. This is most acutely needed for the national accounts program.

0.2.2   Measures to ensure efficient use of resources are implemented

Resources are allocated in the context of the Plan of Statistical Activities, which is a key instrument to achieve efficiency. This avoids duplication in the collection of primary data through unification of the surveys, and ensures that the concepts and classifications are consistent across datasets. Efficiencies have also been achieved through more use of sample surveys and administrative data.

The Plan of Statistical Activities broadly defines the expected outputs of the National Accounts Department and the Price and Labor Statistics Department including the dates for completing them. The progress in achieving these outputs is monitored at the meetings of the ASRK senior staff. The ASRK also seeks to enhance the efficient use of the resources by seeking outside evaluations/advice and assistance from international agencies such as the European Union, IMF, etc., and also bilaterally with Norway, Sweden, and Turkey.

0.3   *Relevance*

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

Maintaining the relevance and practical utility of the statistics produced by the ASRK is required by Article 3 of the Law on Official Statistics; and the Public Council to Improve State Statistics, the ASRK's advisory body, ensures that this legal requirement is adequately reflected in the Plan of Statistical Activities. The Public Council was established on April 18, 2005 by Order No. 63 of the Chairman of the ASRK—*On Establishing the Public Council to Improve State Statistics in ASRK*. Its primary function is to implement the *Fundamental Principles of Official Statistics* adopted by the United Nations (UN). It determines whether the statistics produced by the ASRK adequately meet the users' needs; it safeguards the interests of the reporters, in particular to ensure that there is no unnecessary reporting burden, and it reviews the Plan of Statistical Activities to ensure that it adequately meets the needs of the users of statistics. It provides overall guidelines for statistical development and their implementation through the Plan of Statistical Activities. A statistics Users' Group on national accounts statistics has been established within the Public Council framework to institutionalize interaction between ASRK and the users of statistics to regularly and systematically monitor user needs. This also establishes a forum to inform users of statistics on specific aspects of the current data.

The state policy on statistics also aims to fully adopt international standards that meet users' needs. It must also ensure that the official data are comparable and adhere to international statistical standards, methodologies, and classifications.

The Users' Group could be a forum to advocate reducing respondent burden by collecting information by discrete time period, rather than both by discrete period and cumulatively from the beginning of the year

0.4   Other quality management

0.4.1   Processes are in place to focus on quality

Article 4 of the Law on Official Statistics is the legal basis for a strong focus on quality issues. It requires that the statistics have "integrity," they are "reliable," "comprehensive," and are comparable with "statistical standards used in international practice." Also, the establishment of the advisory Public Council in 2005 (see 0.3.1) focusing on achieving compliance with international standards and best international statistical practices is evidence of management's concern to improve the quality of the statistics.

One of the main tasks of the Public Council is to implement the UN's *Fundamental Principles of Official Statistics*. Its recommendations and proposals are implemented by the ASRK's Coordination Department that is overall responsible for improving the quality of statistics.

The national accounts staff is also aware of their responsibilities as civil servants to produce high quality national accounts statistics.

0.4.2   Processes are in place to monitor the quality of the statistical program

The Public Council monitors the quality of the statistical program routinely while reviewing the annual program of statistical activities. Quality issues, in particular those pertaining to the collection and processing of the statistics, are addressed at the meetings of the ASRK senior staff.

There are also three other processes to monitor the quality of the national accounts program: (i) through interaction between the staff in headquarters and regional staff where the problems of collecting and processing the primary and intermediate data are reviewed; (ii) through users' feedback on the quality of the disseminated data. The feedback is provided on questionnaires that are available in the publications. Users are also given the publication catalogs to give feedback on the listed items; and (iii) through a dialogue with the users during an annual "Open Day" organized by the ASRK. The participation of the national

accounts staff in international statistical forums is also an encouragement to strive for better quality national accounts statistics.

0.4.3 Processes are in place to deal with quality considerations in planning the statistical program

While ensuring the relevance of the statistics produced the Public Council also ensures that quality considerations are adequately reflected in the Plan of Statistical Activities. In this plan the quality issues are addressed giving due consideration to trade-offs between the timeliness and accuracy of the national accounts statistics (given the need for additional primary data sources), while establishing priorities with limited budgetary resources.

The issue of improving the quality of statistics is addressed as well in the medium-term program of improving statistical activities (2006–2008) that was developed in consultation with users, business, and researchers and approved by the government in 2005. Its aim is to bring the statistics fully in line with the international standards and best international statistical practices.

1. Assurances of integrity

1.1 Professionalism

1.1.1 Statistics are produced on an impartial basis

Article 8 of the Law on Official Statistics guarantees full professional independence to the ASRK in its statistical work. The ASRK chairman and deputy chairpersons are appointed by the Prime Minister. The ASRK is financed through the government budget. The ASRK prepares an annual Plan of Statistical Activities, without binding instructions, in coordination with other data-producing agencies that it implements after government approval. The Law on Official Statistics (Article 4) obliges the ASRK to adhere to the principles of integrity, neutrality and objectivity in the conduct of its operations.

Professionalism is promoted by the Public Service Law, Administrative Code and Code of Honor of Public Servants that include penalties for misuse of public property and confidential information by state employees, and set the qualifications for the statistical job series needed to implement the ASRK's work program. Professional skills in statistics and economics are considered in determining the compensation level and eligibility for promotion.

The ASRK national accounts staff have been invited to conduct training in national accounts concepts and definitions for the staff of other government institutions.

1.1.2   Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations

Independence in the selection of the sources and statistical techniques and dissemination is guaranteed by Article 8 of the Law on Official Statistics. The compilers of national accounts statistics determine the data sources based solely on statistical considerations, i.e., measurement objectives and data requirements and giving due regard to quality, timeliness, costs, burden on respondents, and compliance with international standards and good practices.

The dissemination of the national accounts statistics complies with the requirements of the IMF's Special Data Dissemination Standard (SDDS).

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

The ASRK responds via a public modality when it disagrees significantly with the technical merits of public statements about the disseminated statistics. The ASRK has successfully defended the accuracy of GDP statistics at the highest level in response to allegations to the contrary made by another government agency. Releases of the quarterly and annual data are usually supplemented by explanatory material and briefings for the press with the aim to avoid misunderstanding or erroneous interpretation and misuse of the disseminated statistics.

1.2   Transparency

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

The website of the ASRK disseminates the Law on Official Statistics, and other documentation on the legal and institutional environment for producing and disseminating the statistics. It also gives information about how the ASRK products may be found on the website. The ASRK provides information on all statistical products, and identifies a contact person (with postal address, telephone number, and e-mail), both in the hard copy publications and through the website. The survey forms make reference to the Law on Official Statistics and to data confidentiality.

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

The data are released simultaneously to all users. No officials outside the ASRK have access to the data prior to their release. Some ministerial commentary is attached to the release of the data that is confined mainly to describing the movement of the variables.

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

Products of the ASRK are clearly identified by its name and logo. Official publication of the ASRK data by other agencies are attributed to the ASRK.

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

Advance notice of changes in the methodology are provided in the medium-term program for developing statistics. The changes in methodology to be implemented in the current year are identified in the annual statistical plan.

1.3   Ethical standards

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

In addition to the provisions of the Law on Official Statistics prohibiting the disclosure of confidential information, the staff conduct is guided by the Code of Honor for public servants. The Law on Public Service and departmental statutes prohibit public servants to hold any paid position in business (excluding for research and development) that might create conflict of interest situations. The staff is provided with a relevant job description specifying his/her major tasks, functions, and duties, as well as norms of conduct.

2.   Methodological soundness

2.1   Concepts and definitions

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

The ASRK compiles annual and quarterly national accounts statistics following the *System of National Accounts 1993 (1993 SNA)*.

2.2 Scope

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

The scope of national accounts statistics meets the minimum requirements of the tables and accounts established by the Inter-secretariat Working Group on National Accounts (ISWGNA). It also includes several accounts that are recommended by ISWGNA. The transactions coverage, production and asset boundaries are in line with the *1993 SNA*.

The following national accounts and aggregates are disseminated:

- Annual value added and GDP by activity at current and constant prices (prices of previous year);

- Annual expenditure components of GDP at current and constant prices (prices of the previous year);

- Annual accounts of the institutional sectors and the total economy (including financial accounts on experimental basis); and

- Annual rest of the world accounts (until net lending).

The following accounts recommended by the ISWGNA are also disseminated:

- Quarterly GDP by economic activity at current and constant prices (prices of the previous year);

- Quarterly expenditures of GDP at current and constant prices (prices of the previous year); and

- Annual supply-use tables since 2000.

The *concept of residence* used in national accounts broadly follows the *1993 SNA*. Thus, in particular, the territorial enclaves in the rest of the world and free zones are included as part of the economy.

The production boundary includes in particular, own-account production of goods for own-final consumption, output of goods for own-account fixed capital formation, research and development on own account, mineral exploration, production of computer software, and the production of entertainment, literary and artistic originals. Illegal activities are not included in output measurement.

The *assets boundary* accords with the *1993 SNA*, and includes, in particular, the defense related assets that could be used for civilian purpose, agricultural work-in-progress, and intangible assets.

The production of petroleum, natural gas, and related products is included in the production boundary for GDP.[1] Expenditures on oil and gas activities and products are reflected in intermediate consumption, personal consumption, exports and fixed capital formation. The oil and gas sector includes a list of enterprises from the State Statistics Register (SSR). In particular, this list includes construction enterprises engaged in oil and gas extraction and related activities that contribute significantly to total output of the sector (see 3.1.1).

2.3   Classification/sectorization

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

The classification of institutional units, transactions and other flows follow the *1993 SNA*. *Activities* are classified according to the National Classification of Economic Activities (NCEA), which is equivalent to the General Industrial Classification of Economic Activities within the European Communities (NACE) Rev. 2, extended by additional digits for national purposes. *Products* are classified using the Combined Nomenclature that is equivalent to the Classification of Products by Activities (CPA) extended to nine digits for national purposes. The Classification of Individual Consumption by Purpose (COICOP) is used to classify *household consumption,* and the Classification of the Functions of the Government (COFOG) is used for *government functions*. International *merchandise trade* transactions are classified using the Harmonized System (of the Customs Cooperation Council) (HS) at the nine-digit level.

2.4   Basis for recording

2.4.1   Market prices are used to value flows and stocks

The valuation rules used for recording flows and stocks follow the *1993 SNA*:

- Market output is valued at basic prices;

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[1] The share of oil and natural gas in industrial production has tripled since 1998, and oil and gas account for more than half of exports earnings. Over the long-term crude oil production may triple, which would place Kazakhstan in the top ten world crude oil producers. The current analytical dissaggregation of the national accounts data into oil and non-oil sector is useful in assessing macroeconomic developments and formulating appropriate macroeconomic policies.

- output for own-use is valued at equivalent market prices;

- sales and excise taxes are included in the valuation of intermediate consumption;

- value added taxes (VATs) are included in the valuation of intermediate consumption, excluding the deductible part of the VATs;

- imports and exports are valued on an *f.o.b.* basis; and

- transactions in foreign currency are converted using the mid-point exchange rate prevailing in the market at the moment they take place.

2.4.2   Recording is done on an accrual basis

Transactions are recorded, in general, on an accrual basis with the exception of the general government sector data, that are recorded on a cash basis.

Government-related transactions need to be recorded on an accrual basis, in particular taxes and subsidies on products; expenditures; and revenues.

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

Transactions between establishments within the same enterprise are recorded on a gross basis.

3.   Accuracy and reliability

3.1   Source data

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

Although the data collection program is adequate for compiling national accounts statistics, supplementary surveys may be needed to further improve the estimates of the activities of the small-business sector that is growing rapidly, and is not fully covered in the regular surveys.

The data collection program includes an up-to-date register, and subregisters; annual and quarterly surveys of enterprises/establishments and households based on these registers; adequate sample designs that allow disaggregated estimates to be compiled by area, and industry; detailed survey questionnaires that are reviewed periodically; administrative data, and supplementary collections when needed. The Agricultural Census is presently being conducted. The government finance data are provided electronically by the MOF and include

the operation of budgetary funds, defense related expenditure and local government operations. The price statistics are sufficiently detailed and consistent with the national accounts variables to be deflated.

The ASRK uses the State Statistics Register (SSR),[2] four agricultural subregisters, and a housing register for economic surveys. The SSR has legal support in Article 9 of the Law on Official Statistics, that requires that it should meet international standards. It also obligates government offices to provide up-to-date information to maintain the register. The SSR was established in 1994. A recent government resolution (on the ASRK No. 1460 of December 31, 2004 as amended in February 27, 2006) mandates the ASRK to maintain the SSR. The SSR covers 244,855 registered legal entities (as of October 2006); of which 230,638 are small enterprises, including 11,725 foreign enterprises, 12,071 are medium enterprises, of which 236 are foreign enterprises, and 2,146 are large enterprises of which 78 are foreign enterprises; and over 400,000 individuals (this list is maintained by the Tax Committee).

The SSR uses international classifications and contains data on the main features of the units (such as, legal status, type of unit, economic activity, ownership, economic sector, economic data, including number of employees). The information is collected mainly at the time of registration (through a one-window operation) by offices of the Ministry of Justice and forwarded to the SSR electronically. The coverage of the register is considered exhaustive for large and medium-size enterprises, and for registered small businesses.[3] Officially liquidated enterprises are removed from the register. Economic codes (OKED and OKPO) are posted by the ASRK staff, and the PHH code (register number of the tax payer) by the tax authorities.

Annually and quarterly, three sets of data are collected (by discrete time periods and on cumulative basis) to compile the national accounts using, for gross output—the annual, quarterly and monthly surveys of output; and for intermediate consumption—the annual and quarterly surveys of intermediate consumption.

The annual and quarterly surveys on the current operations of the enterprises (by economic activity) are the major data sources for compiling gross output estimates for the nonfinancial enterprises, including those engaged in the production of petroleum, natural gas, and related products, households. The nonprofit institutions serving households are surveyed once in five years. The surveys cover all regions of the country. The ASRK business statistics divisions

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[2] The SSR is identical with the State Administrative Register that is maintained by the Ministry of Justice. The other main organization contributing to the Register is the Tax Committee that maintains the list of tax-paying individuals.

[3] The ASRK has received significant technical assistance in compiling the Register and subregisters from USAID, US Department of Agriculture (National Agricultural Statistical Service), and Eurostat.

apply different approaches in sample design and estimation procedures depending on the economic activity.

The agricultural data are collected from all 1,100 large and medium-sized agricultural enterprises and from a sample of 11,173 small farms. The agricultural enterprises are surveyed by complete enumeration according to their activity (crops, livestock breeding, and agricultural services). The list of these enterprises is drawn from the Register of Agricultural enterprises (CXP-1). The agricultural households are surveyed from a sample drawn from three other registers maintained by the agricultural statistics division—the Register of Peasant Farms (PCX-2) (190,599 peasant farms), the Register of Agricultural Households (PCX-3) (over 2.17 million households) that is compiled from report forms (No. 7) provided by the local administrations, and the Register of Fruit Farming and Cooperatives (PCX-4) (569,374 units) that is compiled with the assistance of regional offices of the Committee on Land Relations. The sampling criteria for each economic activity depends on the size of the units.

The data for nonfinancial (nonagricultural) enterprises are collected by three main groups of enterprises by size (large, medium, and small), the first two groups being surveyed by complete enumeration, while the small enterprises are surveyed by sampling techniques.

The sample of the small enterprises engaged in nonfinancial activities is about 25 percent of the registered enterprises and is drawn from the SSR using a simple random sampling technique. Despite the strict requirements for statistical reporting, including the legal obligation to report accurate data, the reporting by the small businesses is not accurate (for example, the wage data may exceed the estimate of gross value added): the small businesses report inaccurate information to avoid taxes and government control.[4] To improve the quality of the data of small businesses the ASRK collects information from them using random sampling techniques, focusing on improving the quality of the reported information while reducing the response burden on the small business sector. However, the estimates of the small businesses need to be improved further. Similar procedures are followed to collect the data on intermediate consumption. Imputation for nonresponse is done at the enterprise level. The data collected are sufficiently detailed to derive estimates of intermediate consumption and of gross output for the economic activities covered.

Aggregated data for the financial sector (central bank and commercial banks) are obtained from the NBRK on special report forms, one each for the national bank and commercial

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[4] In part, such behavior could have been encouraged by the protection given to small businesses by recent legislation to protect them from the undue interference of government agencies in their activities, and to promote private sector development through single window operation, though these incentives do not absolve these businesses from their legal obligation to report the data.

banks and another for the consolidated accounts of the banking sector. The data on insurance companies and pension funds are obtained from the Agency for Supervising Financial Institutions; and the data on microcredit institutions (over 1,500 units) are collected directly from them by the ASRK.

The household budget survey is a continuous survey with rotation covering 3,000 households in each rotation. The present approach (since 2001) is to select a sample of households from the household register (based on the 1999 population census) using stratified random sampling technique. The population sample is stratified in the following six strata: (i) urban areas with more than 30,000 households, (ii) urban areas with 10,000–30,000 households, (iii) urban areas with less than 10,000 households, (iv) Almaty, (v) Astana, and (vi) rural areas.

The sample is considered to be representative on both country and regional levels, and also to represent all socioeconomic groups. Proper imputation techniques are used to handle nonresponses. Data are collected quarterly. The expenditure items are based on the COICOP (over 500 items). Data collected are sufficiently detailed and cover purchases of consumption goods and services, purchases of durable goods, production (including for own-consumption), and own-account fixed capital formation.

Comprehensive government finance statistics (GFS) are available on a monthly and annual basis for (i) central government, (ii) regional governments, (iii) local governments, and (iv) non-profit institutions financed by the government. The data are collected by the MOF. The MOF provides data on all defense-related expenditures. Detailed data are available to measure output, intermediate consumption, fixed capital formation, and final consumption expenditure of government.

For external transactions in goods, the ASRK division for foreign trade statistics compiles data on import and export. The ASRK staff receives aggregated data from the Customs' Control Committee.

An assessment of the coverage of the main data sources for the national accounts is summarized below in tabular format:

Main Sources for the Quarterly Accounts

Production Approach		
NACE Rev. 1 Section	**Main source**	**Assessment of coverage**
Agriculture, hunting and forestry, fishing	Agricultural surveys using report forms 8, 24, 29 CX; 1-Lec, A-11 and 1-Riba. The list of enterprises is drawn from the Register of Agricultural Enterprises (PCX-1). Sample surveys of agricultural households, farmers and fruit farmers, and cooperatives is drawn from the Registers PCX 2, 3, and 4. Administrative data in the regional agricultural administration offices, population centers, offices of the Agency on agricultural resources and construction.	Adequate
Mining and quarrying (including oil and natural gas)	Annual and monthly reports on output, quarterly reports on expenses and financial performance of industrial units (1-P, 1-PF).	Adequate
Manufacturing	Annual and monthly reports on output, quarterly reports on expenses and financial performance of industrial units (1-P, 1-PF, 1-TEB)).	Adequate (though the quality of the information provided by the small businesses needs improvement)
Electricity, gas, and water supply	Annual and monthly reports on output, quarterly reports on expenses and financial performance of industrial units (1-P, 1-PF).	Adequate
Construction	Annual and monthly reports on output, quarterly reports on expenses and financial performance of industrial units (1-PF). For all construction enterprises (2-KC), and for contractors (1-KC). For individual home construction (1-EZhC).	Adequate
Wholesale and retail trade, repair of motor vehicles, and personal and household goods	Annual, monthly, and quarterly reports on activities, turnover and costs (1-torgovlya, 1-PF, 1-BT, 1-BEC, 1-birzha, 12-torg, G-001—005).	Adequate (though the quality of the information provided by the small businesses needs improvement)
Hotels and restaurants	Annual, quarterly and monthly reports on turnover and costs (1-BT and 1-TE).	Adequate
Transport, storage, and communications	Annual and monthly reports on sales, costs for all transportation enterprises (1-Transport), as well for nonpassenger transport (No. 65). For telecommunications three forms are used (No.1, 2, and 3-communications—annual); and No 3—monthly.	Adequate
Financial intermediation	Annual and quarterly data are provided by NBRK on general (cvodne) report forms.	Adequate
Real estate, renting, and business	Annual and quarterly reports on sales and costs (1, 2—ucluge).	Adequate
Public administration and defense; social security	Consolidated state budget—the report on the revenues and expenditures of the state budget for central and local government activities.	Adequate
Education/ health, and social work	Consolidated state budget—the report on the revenues and expenditures of the state budget for central and local government activities and social security institutions. Administrative data from the Ministry of Education. Educational institutions providing paid services (Sotsfin-Obr). Health institutions providing paid services (Sotsfin-Zdrav). Organizations providing other social services (No. 2-uslug).	Adequate
Net taxes less subsidies on products	Consolidated state budget—revenues and expenditures Tax authorities information about accrual taxes on products.	Adequate
Expenditure Approach		
Expenditure categories	**Main source**	**Assessment of coverage**
Household final consumption expenditure	Household budget survey, trade surveys (1-BT), agricultural balances, imports and exports data.	Adequate
Final consumption expenditure of Nonprofit institutions serving households	Once in five years.	Adequate
Government final consumption expenditure	Consolidated state budget—the report on the revenues and expenditures of the state budget for central and local government activities.	Adequate
Gross fixed capital formation	Annual and quarterly reports on capital formation and capital repair (2-KC and 1-EZhC). Import and export of goods under groups 84-90 (adjusted with quotient of 0.66). Data on changes in stocks (1-PF).	Adequate
Changes in inventories	Annual reports on output, expenses and financial performance of industrial units (1-PF, 1-CNC); Agricultural balances.	Adequate
Exports and imports of services	Balance of payments.	Certain foreign companies engaged in construction activities are incorrectly classified as nonresident units

National Accounts

An outstanding quality issue that the Public Council and the ASRK need to address urgently is to further strengthen the orientation of the current statistical program towards collecting and disseminating the data by discrete time periods—presently most data are collected cumulatively as well by discrete time periods; and to allocate more resources for the quarterly national accounts program to make full use of such data.[5] The quality of the quarterly national accounts would improve with greater use of the source data that are collected by discrete time periods.

There are 1428 enterprises engaged in oil and gas related activities, including 68 enterprises involved in extraction of oil and gas, 16 enterprises producing oil products, and 99 enterprises providing support services for oil and gas extraction.

Exploit administrative data and, as needed, conduct small-scale supplementary surveys to improve the coverage of small businesses, in particular in retail trade and construction, that are growing rapidly in economic importance and are becoming a major source of employment.

Investigate further options for streamlining the statistical program by focusing attention and resources on compiling and disseminating the data by discrete time periods, and providing more resources to the quarterly national accounts to make greater use of such data.

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

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

- since the data on the changes in inventories are directly reported by the enterprises the ASRK may not have an insight as to the valuation systems that the enterprises follow; and

- general government transactions are recorded on a cash basis.

The ASRK national accounts staff cooperates with the basic economic statistics divisions in designing the annual and quarterly surveys so that the source data approximate the

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[5] The resulting cumulative national accounts data and rates of change between cumulative periods are not suitable for business cycle analysis. In particular, analyzing a market economy on the basis of rates of change of cumulative quarterly GDP may undermine the soundness of macroeconomic policy by delaying the identification of turning points, not fully excluding all seasonal elements, and may reflect irregular events affecting the data for the comparable period of the previous year.

definitions, scope, valuation, and classifications required in the national accounts. The ASRK's Methodological Council (comprising the heads of all departments and headed by the First Deputy Chairman) that deals with the problems of coordination between the departments/divisions also ensures that there is consistency in the survey concepts and definitions.

3.1.3   Source data are timely

The source data for compiling production and intermediate consumption estimates, the data on GDP expenditure components, foreign trade, balance of payments, monetary and financial, as well as GFS are obtained on a timely basis.

Price statistics used in compiling GDP at constant prices are compiled by the ASRK. These include the PPI, the CPI, the import and export price indexes, price indexes of agricultural products and inputs, and the price indexes of intermediate inputs—all are available on a timely basis.

The source data of the enterprises engaged in oil and gas activities are provided monthly, quarterly and annually and on a timely basis.

3.2   Assessment of source data

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

The accuracy of the source data is routinely assessed but the information about sampling errors is not published. The staff of the National Accounts Department analyzes the source data to identify potential problem areas that require further investigation, and follows-up where necessary (for example, the extreme values are reviewed and confirmed with the respondents). The data are adjusted for under-reporting and nonresponse. The source data are also analyzed and checked for temporal consistency. The two main sources of national accounts data (the surveys of output and the surveys of intermediate consumption) are continuously checked for consistency at the enterprise level. Generally, the concepts, definitions, classifications, and valuation bases used in the surveys are consistent with national accounts concepts. There are also no difficulties with reference periods used in the economic activity surveys. The source data are also checked for accuracy during the periodic revisions and when comparing the GDP estimates obtained from different methods.

The administrative data (GFS, balance of payments, monetary statistics) are also assessed. However, where there is a discrepancy between the ASRK source data and the administrative data, the national accounts staff use the unadjusted administrative data.

3.3 Statistical techniques

3.3.1 Data compilation employs sound statistical techniques to deal with data sources

The regional statistical offices collect and forward the source data to the ASRK headquarters. Automated procedures are used in the ASRK to identify the outliers and these outliers are followed up by the regional offices. Data validation software (for checking, coding, editing, and tabulation errors) for each survey questionnaire is used for identifying the outliers. For sample surveys the grossing-up factors are derived scientifically. The data are further validated for processing errors in the information technology center at headquarters. The individual data are stored in a database.

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

Unrecorded activities: The National Accounts Department estimates the unrecorded activities (presently about 21 percent of GDP) and includes them in the GDP estimate. The unrecorded activities are mainly in the small business sector that are underreported to evade taxes, charges, government controls (see 3.1.1). The estimate also includes underreporting at the stage of data collection arising from deficiencies in the source data collection. For example, for retail trade, the estimate of unrecorded activities (which is about 3.12 percent of GDP) is derived by comparing the total wages from the enterprise survey with the wages that are derived by multiplying the number of employees engaged in trade (obtained from the Labor Force Survey) with the average wages of small enterprises (that are well covered in the surveys). On this basis, appropriate adjustments are made to the observed value added and output. In construction the estimate obtained from the enterprise surveys is compared with the estimate obtained through a commodity flow technique using data on imports and domestic production of construction goods, and the survey data are adjusted accordingly (3.38 percent of GDP).

Production approach: Estimates of output and intermediate consumption are compiled by economic activities at the five/six-digit level of the NCEA.

Specific issues of GDP compilation are generally handled correctly. For example, the output of the owner-occupied dwellings is valued as the estimated rentals that tenants pay for similar

accommodation. The estimates are made by applying the estimated rents to the dwelling stock data for various classes of dwellings, expressed as areas in square meters by urban and rural areas (the data for dwelling stock are obtained from the register of dwellings maintained by the ASRK—see 3.1.1). The National Accounts Department has begun recording the estimates of work-in-progress in agriculture and construction in the quarter that it is produced. The following items are included in the work-in-progress: growing crops, standing timber, stocks of fish, livestock reared for purposes of food, and large construction projects.

The output estimates are adjusted for holding gains/losses accruing on inventories. The National Accounts Department has begun compiling the inventory estimates by type of inventories. The intermediate consumption is also now adjusted for holding gains/losses of raw materials. The perpetual inventory method is used as the conceptual basis for estimating consumption of fixed capital. Also, the constant price estimates of changes in inventories are compiled from the opening and closing balances.

The constant price estimates by industry are compiled using the single indicator method, although, if resources permit, the National Accounts Department could adopt the double-deflation method using the available detailed data collected by the ASRK, (i.e., the information on output, inputs, price indices, input/output tables). With the exception of construction and trade, production indexes are used to extrapolate value added data. The indexes are considered to be representative.

The National Accounts Department has also begun compiling volume measures for taxes less subsidies on products by extrapolating the shares of the base-year tax/subsidy by sectors using a volume extrapolator of transactions subject to a specific tax/subsidy. Output volume of trade margins is estimated by deflating the current values using detailed subcomponents of the CPI for deflation at a disaggregate level.

The main techniques used to compile the constant price estimates are summarized below in tabular form:

NACE Rev. 1 Section	Statistical techniques
Agriculture, hunting and forestry, fishing	Extrapolation using Industrial Production Index (IPI)
Mining and quarrying	Extrapolation using IPI
Manufacturing	Extrapolation using the IPI
Electricity, gas, and water supply	Extrapolation using the IPI
Construction	Deflation using the construction volume index
Wholesale and retail trade	Deflation using the wholesale and retail price index
Hotels and restaurants	Extrapolation using sectoral employment index
Transport, storage	Extrapolation using the volume index
Communications	Extrapolation sectoral employment index
Financial intermediation	Extrapolation using the sectoral employment index
Real estate, renting and business, other services	Extrapolation using employment index
Public administration and defense;	Extrapolation using employment index
Education/health and social work	Extrapolation using employment index
FISIM	Extrapolation of the base-year value with the volume index of the interest rates
Taxes and subsidies on products	Extrapolation

Expenditure approach: Independent estimates are compiled for household final consumption expenditure based on the household budget survey, and other sources such as imports statistics, turnover of retail trade, government final consumption expenditure (at one-digit level of COFOG) and agricultural balances, gross fixed capital formation (by activities and types of assets), and changes in inventories (by activities and type of inventories).

Specific issues of GDP compilation are handled correctly. For example, expenses of residents abroad are included in household final consumption expenditure and in imports; Expenses of nonresidents are excluded from the household final consumption expenditure and included in exports.

The estimates at constant prices are compiled by deflating the expenditure components at a disaggregated level. The National Accounts Department has begun deflating household final consumption expenditure using the subindexes of the CPI (at a detailed product level). Government final consumption expenditure in constant prices is obtained by deflating cost components of output for final use (broken down into employee compensation and "goods and services"). Inventories are deflated by the detailed PPI subindexes. Similarly, volume measures of the components of imports and exports of goods and services are compiled separately.

Quarterly estimates: The Denton benchmarking technique is now followed to combine annual estimates with quarterly indicators; the quarterly compilation system derives quarterly series from seasonally unadjusted source data; and seasonal adjustment of the quarterly national accounts estimates is done using the X-12 software.

The main techniques used to compile the constant price estimates of the GDP expenditure components are summarized below in tabular form:

GDP Component	Method Used
Households' final consumption expenditure	Deflation using CPI (at detailed levels).
Government final consumption expenditure	Goods: deflation using CPI. Services: extrapolation using volume index of government employment, and index of average wages government employees.
Gross fixed capital formation	Deflation using capital goods price indices and PPIs.
Change in inventories	Deflation using PPIs for industry and agriculture.
Exports and imports of goods and services	Deflation using price indices of exports and imports.

To improve these estimates the National Accounts Department could adopt the double-deflation method using the available detailed data on output, inputs, price indices, input/output tables the ASRK collects.

3.4   Assessment and validation of intermediate data and statistical outputs

3.4.1   Intermediate results are validated against other information where applicable

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

3.4.2   Statistical discrepancies in intermediate data are assessed and investigated

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

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

The statistical discrepancy between GDP by production and GDP by expenditure approach is shown explicitly. The discrepancy is investigated. One source of bias recently investigated is the incorrect treatment in the balance of payments of subunits/representation offices of foreign construction companies as nonresidents. This results in the incorrect treatment of their output as imports in the balance of payments. The subunits/representation offices often have a handful of employees but handle significant construction activity mainly using foreign labor and inputs.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)

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

4. Serviceability

4.1 Periodicity and timeliness

4.1.1 Periodicity follows dissemination standards

The GDP estimates are compiled with annual and quarterly periodicity following SDDS requirements.

4.1.2 Timeliness follows dissemination standards

The timeliness of both annual and quarterly estimates meets the SDDS requirements.

4.2 Consistency

4.2.1 Statistics are consistent within the dataset

 The discrepancy between the estimates of GDP by activity and by expenditure components is shown explicitly. For 2005 the discrepancy in the annual data is less than one percent. Consistent growth rates are obtained from GDP by production and expenditure categories. In the supply and use tables, supply of goods and services matches total uses and is balanced mainly by adjusting the changes in inventories. GDP estimates at current prices, those at constant prices and the implicit deflators are consistent within the "value = volume x price" framework. Quarterly and annual GDP estimates are consistent with one another from a conceptual point of view. The quarterly estimates compiled are consistent with the annual estimates. However, from the conceptual standpoint the estimates of GDP by activity and by expenditure components are not consistent because the latter is not adjusted for the incorrect treatment of the output of certain foreign-owned construction enterprises in the balance of payments (see 3.4.3 and 4.2.3).

The national accounts need to be made internally consistent by adjusting the GDP from the expenditure side for the over valuation of imports due to the incorrect treatment of the output of certain foreign companies in the balance of payments.

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

Annual national accounts estimates are available since 1990 and quarterly national accounts estimates are available since 1994. There are two breaks in the annual accounts data: (i) the annual accounts are expressed in rubles from 1990 to 1992, and in tenge thereafter, and (ii) the annual accounts are compiled according to the old classification of activities until 1997 and according to the NCEA since 1998. Therefore, consistent time series for the annual estimates are available since 1998. The quarterly estimates were reconstructed back for classification changes and consistent quarterly time series are available since 1994. There are detailed methodological notes to explain the breaks in the national accounts time series. Unusual changes in the economic trends are explained in the analytical text of the national accounts publications.

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

There are no differences between the national accounts data and the balance of payments data, as well as other administrative data since these data are used to compile the accounts.

4.3   Revision policy and practice

4.3.1   Revisions follow a regular and transparent schedule

The revision policy for GDP annual and quarterly accounts is clearly established, punctually followed and published in the annual statistical plan.

The schedule for the annual estimates is the following:

- Flash estimate—not later than two months after the reference period for the production approach estimate, and four months for the expenditure approach estimate;

- First revised estimate—not later than four months after the reference period;

- Second revised estimate—not later than nine months after the reference period;

- Third revised estimate—not later than one year after the reference period; and

- Fourth revised estimate—not later than two years after the reference period.

For the quarterly estimates:

- Flash estimate—not later than two months after the reference period (only the production approach estimate);

- First revised estimate—not later than three months after the reference period; and

- Second revised estimate—not later than nine months after the reference period.

4.3.2 Preliminary and/or revised data are clearly identified

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

4.3.3 Studies and analyses of revisions are made public (see also 3.5.1)

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

5. Accessibility

5.1 Data accessibility

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

National accounts are published in a clear manner, with charts and tables. The data are accompanied with commentary on recent developments that mainly explains the latest movements in the tracked variables. Both GDP by production and by expenditure approaches are published at a disaggregated level. The ASRK also publishes time series (annual data since 1990 and quarterly data since 1994) at a detailed level. The quarterly national accounts are published as seasonally adjusted time series using X-12.

5.1.2 Dissemination media and format are adequate

Annual and quarterly national accounts estimates are disseminated regularly, through dedicated national accounts publications and the statistics yearbook, through news releases, and through electronic means, including posting on the ASRK's website.

The data related to oil and gas activities are published in press releases, supply-use tables and disseminated on the ASRK website.

5.1.3   Statistics are released on a preannounced schedule

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

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

The national accounts estimates are released simultaneously to all interested users on the date and time specified in the advance release calendar through press releases and posting on the website.

5.1.5   Statistics not routinely disseminated are made available upon request

Unpublished but nonconfidential detailed data are made available to users upon request.

5.2   Metadata accessibility

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

The methodology for compiling the national accounts statistics is described in detail in the publication *Methodological Guidelines on the System of National Accounts* (in Russian) prepared in 2006 by ASRK for wide distribution. The publication is available on the ASRK website. Summary metadata are provided in the national accounts publications. The SDDS metadata page on national accounts, which contains a description of methodology, is posted both on the IMF's Dissemination Standards Bulletin Board (DSBB) and on the ASRK's website (in English and Russian).

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

A detailed description is provided on the concepts, definitions, classifications, data sources, and the statistical techniques used for the compilation of the national accounts estimates. The ASRK has prepared a description of the national accounts metadata. The National Accounts Department disseminates methodological articles on the national accounts in the ASRK's journal *Economics and Statistics*.

5.3 *Assistance to users*

5.3.1 *Contact points for each subject field are publicized*

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

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

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

Table 1. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for National Accounts

(Compiling Agency: Agency of Statistics of the Republic of Kazakhstan)

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

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources				X		Staff attrition on the eve of the ASRK reorganization has resulted in acute staff shortage.
0.3 Relevance		X				
0.4 Other quality management		X				
1. Assurances of integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording			X			Government-related transactions are recorded on a cash basis and not adjusted.
3. Accuracy and reliability						
3.1 Source data			X			Several data are still collected on a cumulative basis. The estimates of the contribution to GDP of small businesses, in particular in retail trade and construction need to be improved through supplemental surveys.
3.2 Assessment of source data		X				
3.3 Statistical techniques			X			Volume estimates are compiled via single deflation.
3.4 Assessment and validation of source data		X				
3.5 Revision studies		X				
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency			X			A statistical discrepancy arises because of incorrectly including in imports the output of certain foreign construction companies that are treated incorrectly in the balance of payments as nonresidents.
4.3 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

II. CONSUMER PRICE INDEX

0. Prerequisites of quality

0.1 Legal and institutional environment

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

The government resolution on the Agency on Statistics of the Republic of Kazakhstan (ASRK) (No. 1460 of December 31, 2004) identifies the ASRK as the central executive agency on statistics. The Law on Official Statistics (No. 98-1 dated May 7, 1997 supplemented by amendments No. 280-II in January 2002, and No. 14-III in 2004) that governs the collection and dissemination of official statistics, reinforces the ASRK's mandate to collect, process and disseminate official statistics.

Accordingly, the ASRK: (i) ensures the functioning and improvement of a unified statistical information system for the country; and in this context (ii) prepares a program of official statistics in coordination with other data-producing agencies; and implements the program after it is approved by the government. The current statistical program includes a three-year program for developing statistics (2006–2008), as well as an annual operational Plan of Statistical Activities that are embedded in the budgetary process.

The compilation of national accounts and price statistics and the improvement of these statistics are outlined in this plan.

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

Data sharing and inter-agency coordination among data-producing agencies are adequate with strong legal support provided by Article 10 of the Law on Official Statistics and Government Resolution No. 1460 on the ASRK of December 2004. Article 10 empowers the ASRK to request government agencies to provide it with the data they produce in the process of carrying out their responsibilities. As well, Articles 3 and 8 of the Law on Official Statistics obligate the ASRK to coordinate the statistical activities of government agencies. This is done primarily through the medium-term program for developing statistics and annual statistical plans (see 0.1.1). Major issues of statistical coordination may be raised in the Council on Economic Policy that is chaired by the Prime Minister and includes senior officials, including the finance minister, and heads of the national bank and the ASRK. The Council was established on October 25, 2003 by Government Resolution No. 202 with a mandate to conduct government economic policy, make recommendations for economic and social development over the medium and long term, prevent economic crises, and, if they occur, to minimize their impact.

Data sharing is also ensured through the annual Plan of Statistical Activities and through agreements between the ASRK, the Ministry of Finance (MOF), and the National Bank of the Republic of Kazakhstan (NBRK) on cooperation in statistics.

In general, the National Accounts Department may access the aggregated data that it needs from the registers, data files, the data collected, processed and stored by other data-producing agencies. For example, in line with the terms of reference of the governmental Interagency Task Force to promote small and medium business and to reduce the reporting burden of such businesses the ASRK receives the data on the sales, expenses and other balance sheet items of such enterprises from the Tax Committee of MOF.

Since July 29, 1997, when Government Order 1184 established the Inter-Agency Council for Improving Government Statistics, the Council on Economic Policy and the ASRK together have appropriated the functions of the Inter-Agency Council. The Inter-Agency Council thus was abolished on March 4, 2005 (Government Resolution No. 206). It had been the main vehicle for coordinating the activities of the data-producing agencies in methodology, statistical standards, and statistical collaboration. The Inter-Agency Council included the First Deputy Prime Minister and 15 other members representing other governmental institutions.

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

The confidentiality of individual reporters' data is safeguarded by Articles 11−13 of the Law on Official Statistics and by the ASRK's rules for collecting information. The order of the Chairman of the ASRK (No. 72 dated July 10, 2002) *On Establishing the Rules for Presenting Statistical Reports* states that disclosure of reporters' data is punishable in accordance with the Administrative Code. These articles and rules make it compulsory for all concerned agencies to protect the confidentiality of the individual reporters' data; and they hold the statistical staff legally responsible for protecting the confidentiality of the reporters' data. Also, government agencies and their territorial offices are obligated to observe state and commercial secrets; and to guarantee that individual reporters' data may be disseminated only with the consent of the reporters. The statistical authorities must also ensure that the reported data are used exclusively for statistical purposes. Violation of these rules may incur punitive actions as provided in Article 383 of the Code of Administrative Violations (effective January 30, 2001): "sale, transfer to anyone, or other disclosure of statistics that are commercial secrets by an official without the consent of their lawful possessor shall incur a fine."

The ASRK takes the following steps to protect the individual reporters' data: (i) it gives clear instructions to the staff about their legal obligation to maintain the confidentiality of the individual information; (ii) it restricts the access to individual reporters' data to only those staff who require the information; (iii) it applies aggregation rules to prevent the disclosure of residual information through dissemination, though the data confidentiality provisions do not apply to state-owned enterprises; and (iv) it may take punitive measures against the staff who disclose confidential data and/or violate the legal provisions concerning the confidentiality and secrecy of the reported data.

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

Articles 3 and 10 of the Law on Official Statistics are the legal basis to obtain information from reporters as well as to elicit strong response "on compulsory basis" and "free of charge." As well, Government Resolution No. 1460 of December 31, 2004 (see 0.1.1) requires that the requested information must be accurate and comply with the format and deadlines specified in the Plan of Statistical Activities. The resolution also gives the ASRK the statutory power that makes its normative and legal acts obligatory for reporting units. Noncompliance with the reporting requirements, including misreporting, is punishable under the Administrative Code (see 0.1.3).

To check the accuracy of the reported data the national accounts and price statistics central office staff may approach the regional ASRK staff to contact and visit business units. The inspections are on an as-needed basis and undertaken selectively, often involving the sector specialists.

In practice, the response of the large- and medium-size reporters is adequate. The national accounts staff meets these reporters regularly to encourage full and timely response and to receive feedback on the reporting burden. On the other hand, the information provided by small businesses is often inaccurate. To improve the quality of this information, the ASRK now collects information from these businesses using random sampling techniques focusing on the quality of the reported information while reducing the respondent burden of the reporting units.

The national accounts staff has regular contacts with foreign oil and gas companies to encourage timely response. The response from such companies has improved over time. Nevertheless, there are certain firms that do not presently fully comply with the legal reporting requirements. The national accounts and other ASRK staff are in contact with these firms to improve their reporting behavior.

0.2 Resources

0.2.1 Staff, facilities, computing resources, and financing are commensurate with statistical programs

The ASRK central office has a total of 186 staff, of which the National Accounts Department comprises 19 and the Price and Labor Statistics Department comprises 23. Some 15 full time staff, including the information technology staff assigned to the price programs, work on the consumer price index (CPI) and the producer price index (PPI). This excludes the regional offices' price staff undertaking a major part of the collection and validation tasks. The national accounts staff work in four divisions covering the following:

- GDP by Production and Expenditure Approach—compilation of annual and quarterly GDP estimates, as well as by income approach on an annual basis;

- integrated Economic Accounts—the full sequence of accounts and accounts by institutional sectors;

- supply-use tables; and

- financial Statistics Data—design and processing of data from the annual report of enterprises (balance sheet and profit-loss statement).

Additionally the satellite accounts of tourism and accumulation accounts are compiled but are presently not disseminated. The accounts for 2005 are being finalized for publication in early 2007.

The staff is highly experienced with adequate qualifications and training in statistical compilation. All the staff members have a university degree. National accounts staff received training in national accounts in the early 1990s from the Organization for Economic Cooperation and Development. Key price statistics staff received training in price statistics from various European, American, and international statistical agencies in the early 1990s. Since then the price statistics staff have periodically participated in international conferences and seminars. The staff is also being introduced to the new *Consumer Price Index Manual (CPI Manual)* and *Producer Price Index Manual (PPI Manual)*.

Computer resources are adequate. Each expert in the National Accounts Department has a personal computer. The computers are connected by a network. Hardware and software facilities are adequately up-to-date. Backup procedures are adequate for the national accounts and prices programs with multiple backups in hard copy as well as electronic.

The proposed reorganization of the ASRK includes relocation to Astana of agency and departmental management, as well as senior professionals, comprising about 30 percent of

the current Almaty staff. The remaining staff of the new Astana headquarters will be recruited in part from existing ASRK staff and in part from new hires. The ASRK has received funds for the logistics of the move to Astana and management sees training of new and existing staff as a priority. The continuity of the national accounts and price statistics programs will require close attention during the transition period to filling vacancies with qualified applicants and providing training for new staff.

Although financial resources are broadly commensurate with the requirements of the statistical program, the number of staff in the national accounts program is inadequate to maintain the current volume and timeliness of national accounts statistics. The number of staff in both Departments has declined in recent months because of staff attrition on the eve of the ASRK headquarters reorganization. There are five vacancies in the National Accounts Department and four in the Price and Labor Statistics Department. Any further reduction, particularly of the experienced staff that provides continuity and institutional memory for the national accounts program, will affect the volume and timeliness of the statistics produced. A further reduction of eight staff is expected in the National Accounts Department in the context of upcoming administrative reforms.

Although the national accounts staff is highly experienced with adequate university and on-the-job training, members of the staff have received little training in international fora during the last decade. Only three members of the present staff have received training in the IMF's national accounts courses. The work load of the staff is very heavy. There is also pressure to increase the scope of the national accounts statistics program and improve the timeliness of the statistics produced. The challenge for the ASRK is to hire and retain qualified young staff to ensure succession and continuity of the national accounts program, as well as to make greater use of the available discrete data to compile quarterly national accounts.

In view of the current inadequate staff situation urgent action is needed to ensure that the current vacancies are filled, adequate training is provided to the new staff and sufficient skilled staff are available to successfully implement the national accounts and price statistics programs. This is most acutely needed for the national accounts program.

0.2.2   Measures to ensure efficient use of resources are implemented

Resources are allocated in the context of the Plan of Statistical Activities, which is a key instrument to achieve efficiency. This avoids duplication in the collection of primary data through unification of the surveys, and ensures that the concepts and classifications are consistent across datasets. Efficiencies have also been achieved through more use of sample surveys and administrative data.

The Plan of Statistical Activities broadly defines the expected outputs of the National Accounts Department and the Price and Labor Statistics Department including the dates for completing them. The progress in achieving these outputs is monitored at the meetings of the ASRK senior staff. The ASRK also seeks to enhance the efficient use of the resources by seeking outside evaluations/advice and assistance from international agencies such as the European Union, IMF, etc., and also bilaterally with Norway, Sweden, and Turkey.

0.3 *Relevance*

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

Maintaining the relevance and practical utility of the statistics produced by the ASRK is required by Article 3 of the Law on Official Statistics; and the Public Council to Improve State Statistics, the ASRK's advisory body, ensures that this legal requirement is adequately reflected in the Plan of statistical activities. The Public Council was established on April 18, 2005 by Order No. 63 of the Chairman of the ASRK—*On Establishing the Public Council to Improve State Statistics in ASRK*. Its primary function is to implement the *Fundamental Principles of Official Statistics* adopted by the United Nations (UN). It determines whether the statistics produced by the ASRK adequately meet the users' needs; it safeguards the interests of the reporters, in particular to ensure that there is no unnecessary reporting burden, and it reviews the Plan of Statistical Activities to ensure that it adequately meets the needs of the users of statistics. It provides overall guidelines for statistical development and their implementation through the Plan of Statistical Activities. A statistics Users' Group on national accounts statistics has been established within the Public Council framework to institutionalize interaction between ASRK and the users of statistics to regularly and systematically monitor user needs. This also establishes a forum to inform users of statistics on specific aspects of the current data.

The state policy on statistics also aims to fully adopt international standards that meet users' needs. It must also ensure that the official data are comparable and adhere to international statistical standards, methodologies, and classifications.

The Users' Group could be a forum to advocate reducing respondent burden by collecting information by discrete time period, rather than both by discrete period and cumulatively from the beginning of the year.

0.4   Other quality management

0.4.1   Processes are in place to focus on quality

Article 4 of the Statistics Law is the legal basis for a strong focus on quality issues. It requires that the statistics have "integrity," they are "reliable," "comprehensive," and are comparable with "statistical standards used in international practice." Also, the establishment of the advisory Public Council in 2005 (see 0.3.1) focusing on achieving compliance with international standards and best international statistical practices is evidence of management's concern to improve the quality of the statistics.

One of the main tasks of the Public Council is to implement the UN's *Fundamental Principles of Official Statistics*. Its recommendations and proposals are implemented by the ASRK's Coordination Department that is overall responsible for improving the quality of statistics.

The national accounts staff is also aware of their responsibilities as civil servants to produce high quality national accounts statistics.

0.4.2   Processes are in place to monitor the quality of the statistical program

The Public Council monitors the quality of the statistical program routinely while reviewing the annual program of statistical activities. Quality issues, in particular those pertaining to the collection and processing of the statistics, are addressed at the meetings of the ASRK senior staff.

There are also three other processes to monitor the quality of the national accounts program: (i) through interaction between the staff in headquarters and regional staff where the problems of collecting and processing the primary and intermediate data are reviewed; (ii) through users' feedback on the quality of the disseminated data. The feedback is provided on questionnaires that are available in the publications. Users are also given the publication catalogs to give feedback on the listed items; and (iii) through a dialogue with the users during an annual "Open Day" organized by the ASRK. The participation of the national accounts staff in international statistical forums is also an encouragement to strive for better quality national accounts statistics.

0.4.3   Processes are in place to deal with quality considerations in planning the statistical program

While ensuring the relevance of the statistics produced the Public Council also ensures that quality considerations are adequately reflected in the Plan of Statistical Activities. In this

plan the quality issues are addressed giving due consideration to trade-offs between the timeliness and accuracy of the national accounts statistics (given the need for additional primary data sources), while establishing priorities with limited budgetary resources.

The issue of improving the quality of statistics is addressed as well in the medium-term program of improving statistical activities (2006–2008) that was developed in consultation with users, business, and researchers and approved by the government in 2005. Its aim is to bring the statistics fully in line with the international standards and best international statistical practices.

1. Assurances of integrity

1.1 Professionalism

1.1.1 Statistics are produced on an impartial basis

Article 8 of the Law on Official Statistics guarantees full professional independence to the ASRK in its statistical work. The ASRK chairman and deputy chairpersons are appointed by the Prime Minister. The ASRK is financed through the government budget. The ASRK prepares an annual Plan of Statistical Activities, without binding instructions, in coordination with other data-producing agencies that it implements after government approval. The Law on Official Statistics (Article 4) obliges the ASRK to adhere to the principles of integrity, neutrality and objectivity in the conduct of its operations.

Professionalism is promoted by the Public Service Law, Administrative Code and Code of Honor of Public Servants that include penalties for misuse of public property and confidential information by state employees, and set the qualifications for the statistical job series needed to implement the ASRK's work program. Professional skills in statistics and economics are considered in determining the compensation level and eligibility for promotion.

The ASRK national accounts staff have been invited to conduct training in national accounts concepts and definitions for the staff of other government institutions.

1.1.2 Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations

Independence in the selection of the sources and statistical techniques and dissemination is guaranteed by Article 8 of the Law on Official Statistics. The compilers of national accounts statistics determine the data sources based solely on statistical considerations, i.e., measurement objectives and data requirements and giving due regard to quality, timeliness,

costs, burden on respondents, and compliance with international standards and good practices.

The dissemination of the national accounts statistics complies with the requirements of the IMF's Special Data Dissemination Standard (SDDS).

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

The ASRK responds via a public modality when it disagrees significantly with the technical merits of public statements about the disseminated statistics. The ASRK has successfully defended the accuracy of GDP statistics at the highest level in response to allegations to the contrary made by another government agency. Releases of the quarterly and annual data are usually supplemented by explanatory material and briefings for the press with the aim to avoid misunderstanding or erroneous interpretation and misuse of the disseminated statistics.

1.2 Transparency

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

The website of the ASRK disseminates the Law on Official Statistics, and other documentation on the legal and institutional environment for producing and disseminating the statistics. It also gives information about how the ASRK products may be found on the website. The ASRK provides information on all statistical products, and identifies a contact person (with postal address, telephone number, and e-mail), both in the hard copy publications and through the website. The survey forms make reference to the Law on Official Statistics and to data confidentiality.

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

The data are released simultaneously to all users. No officials outside the ASRK have access to the data prior to their release. Some ministerial commentary is attached to the release of the data that is confined mainly to describing the movement of the variables.

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

Products of the ASRK are clearly identified by its name and logo. Official publication of the ASRK data by other agencies are attributed to the ASRK.

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

Advance notice of changes in the methodology are provided in the medium-term program for developing statistics. The changes in methodology to be implemented in the current year are identified in the annual statistical plan.

1.3   Ethical standards

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

In addition to the provisions of the Law on Official Statistics prohibiting the disclosure of confidential information, the staff conduct is guided by the Code of Honor for public servants. The Law on Public Service and departmental statutes prohibit public servants to hold any paid position in business (excluding for research and development) that might create conflict of interest situations. The staff is provided with a relevant job description specifying his/her major tasks, functions, and duties, as well as norms of conduct.

2.   Methodological soundness

2.1   Concepts and definitions

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

The concepts and definitions for household consumption expenditures are consistent with the *System of National Accounts 1993 (1993 SNA)* and determine the weights for the CPI. The goods and services for which regular price quotations are obtained are based on the specifications contained in the *CPI Manual*. Weights are determined independently for the regions and the aggregation is done over the regions. The ASRK has a policy of keeping deviations from these concepts and definitions under regular review.

The weights are determined at the most detailed level of the Classification of Individual Consumption by Purpose (COICOP) and include service expenditure of owner occupied housing, for which imputed rent is used to measure the price changes.

2.2 Scope

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

All resident households, both urban and rural, are included in the CPI. On a geographic basis, the CPI covers 14 oblasts, 27 districts, Almaty, Astana, and three other large cities. Sampling techniques are used to include families of all sizes and income levels within these areas. Households that operate businesses are also included, in which case their business activity is separated from own consumption. Rural households include those mainly engaged in farming. The CPI includes housing costs such as rents, and since 2004 also the owner occupied housing in its scope. Illegal market transactions are not included. Estimates are made to take account of own-account production and consumption of market goods.

For oil and gas activities and products, all relevant consumer expenditures are included. The overall weight for gasoline, diesel and other fuels and lubricants, gas as well as other refined oil and gas products cover some 4.6 percent of consumer expenditure weights in the CPI. This includes expenditures on both transportation and other services, such as centrally transmitted gas. The CPI excluding energy is also compiled and disseminated separately.

2.3 Classification/sectorization

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

The *1993 SNA* classifies institutional units and the COICOP classification is used to classify household final consumption activities. Consumption is defined as the value of the goods or services purchased at market prices including taxes and any extra charges. Actual transaction prices are used.

The ASRK's classification and sectorization used in the compilation of the CPI are in conformity with internationally accepted systems.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

In accord with the *1993 SNA*, the CPI weights are derived from consumption expenditures valued at market prices, which include trade and transport margins and all applicable taxes but not subsidies. The CPI does not include expenditures related to housing purchases but instead the imputed rent for owner-occupied housing. Recorded prices are based on arms-

length and free market transactions. The price guidelines issued by the state anti-monopoly agencies do not apply to any consumer goods but only to a limited number of services such as electricity, and water. The recorded prices for these services are the prices actually paid by households as no parallel market exists for such services (the utility providers are monopolists).

2.4.2 Recording is done on an accrual basis

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

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

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

3. Accuracy and reliability

3.1 Source data

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

Source data for the CPI, mainly the household income and expenditure survey (HIES) for the index weights and a monthly price survey, are based on international good practices and provide sound foundation for the CPI compilation.

The sampling frame for the HIES is based on the 1999 census and updated regularly. The sample size for the HIES has been steadily increasing and now includes some 12,000 households, representing 0.3 percent of the total number of households in the country. Scientific sampling techniques are used to select the number of families representing each income level from each region of the country. Geographic coverage is comprehensive as the survey includes representative samples of urban and rural households.

Weights are revised every year based on a new HIES. This system of updates to the consumer basket assures that the CPI reflects current consumer purchasing behavior. In order to ensure a high quality, the ASRK has a comprehensive price collection program—the oblasts (provinces) report prices for the selected items using modems, which assures timely processing. The limited number of administered prices, where no parallel markets exist, does not detract from the accuracy and reliability of the CPI.

A regular price survey supports publication of the CPI on a monthly basis. The survey involves 508 types of headings of representative goods and services in 12 sections, 40 groups and 86 classes. This level of detail in commodity specification is sufficient for a detailed analysis of CPI changes. Other data sources for either source data or for assessment purposes are actively sought. The press and research papers are monitored for information on prices for integration into statistics/registers.

The weights for the oil and gas related goods and services are derived from the HIES, adjusted with additional retail market sales data. The monthly price collection includes filling stations, service and delivery providers, refineries and other relevant outlets. For a separate monthly publication including also CPI data, additional end-of-month average prices by product type are also gathered.

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

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

3.1.3 *Source data are timely*

The monthly price collection in the regions, including proper reporting, follow-up and transmission procedures, enables the ASRK to compile the CPI estimates in a timely manner. Source data are consistent with the definitions, scope, and classifications of CPI estimates and the data are consistent with the time of recording, reference periods, and valuation of CPI estimates. Specific procedures have been developed to adjust data from various sources to conform to the requirements of CPI estimates. Source data and detailed data from other statistical systems are obtained on timely basis.

3.2 Assessment of source data

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

Regarding the HIES and the outlet and product samples, the ASRK collects regularly reviewed information on both sampling and nonsampling errors for all surveys. Sample selection is adjusted when sampling errors become large. Appropriate measures are taken to validate the source data and make them consistent with the CPI. In particular, source data are routinely analyzed to correct for underreporting/misreporting, inter-temporal consistency, and for consistency with other related data sources (such as the PPI and agricultural prices). All high-value transactions are double checked with respondents and surveys/censuses are audited to verify the accuracy of collected data. The ASRK's experience with the annual HIES serves as a sound basis for checking and minimizing sampling and nonsampling errors and to correct for them.

The staff at the regional offices regularly analyze price movements in different outlets to identify nontypical price movements. The central office staff adds another validation layer and again at the country level logical control steps are taken to identify suspect price quotas, and individual price quotes are clarified. If need be, adjustments are made accordingly.

3.3 Statistical techniques

3.3.1 Data compilation employs sound statistical techniques to deal with data sources

Overall, the ASRK utilizes sound statistical techniques to minimize processing and compilation errors in the CPI. The level of detail for commodities and services is sufficient for detailed analysis of price movements. The CPI includes 508 types of headings of representative goods and services—167 food products, 256 nonfood items, and 85 paid services. Each representative commodity or service includes item varieties in each region from at least 8−10 commercial outlets. The number of price quotes is over 120,000 (90,000 at regional and 30,000 at district level).

The CPI uses weights calculated on the basis of the previous year's HIES. Prices prevailing in December of the previous year are taken as the base prices and mean annual weights are adjusted in line with base prices. Calculation of the CPI is based on a chain-linked Laspeyres index whereby a relative index of price change is based on the weights of December of the previous year. Goods and services produced for own final consumption, when included, are valued at market prices at the time produced.

Prices for temporary unavailable items are imputed with reference to the index movements for the commodity group, which includes that missing item. Due to the annual basket refreshment, the CPI items can be updated when new products become popular and old items obsolete. Products that become permanently unavailable are replaced in the sample with similar products. Price data are adjusted for quality changes using both explicit and implicit adjustment methods. Sources of quality change data are gathered by monitoring consumer magazines, discussing the issues with wholesalers, etc.

The treatment of some seasonal food items, such as watermelon, apricots and cherries, may potentially cause a downward bias in these items' long term series. The relatively high introductory prices at the beginning of a new season may go unnoticed to an extent that the price evolution of the imputor, the rest of the group, deviates from the price change between the last end-of-the-last-season's price and the introductory price at the beginning of the new season. In Kazakhstan, there are offsetting elements that makes this not an important issue regarding the bias: the prices of these items also tend to increase at the end of the season; their combined weight is very small; and the imputor inclines during the off-season.

The imputation method should be changed in a way that the index picks up the price change at the beginning of new season. The price change should be based on the imputed value and the new season price at the time the seasonal item appears in the price collection.

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

An unbiased formula is used to calculate the basic level price indexes and an appropriate index formula with weights is used to aggregate elementary indexes to higher levels. The relative of average prices, the Dutot index, is used at the elementary aggregate level, for items at each region. These indices are aggregated using the short-term Laspeyres formula and chaining the index to the previous period's index. When new weights are introduced every year, the new index is linked to the old index, and a monthly overlap period is used to calculate linking factors.

Although the Dutot formula is acceptable as an elementary aggregate index, it requires very homogeneous items. Because the Dutot index is not invariant to changes in the unit of measurement (i.e., it fails the commensurability test) and requires high homogeneity in prices, the geometric mean is preferred. This agreement on elementary aggregate best practice has been reached during recent the compilation of the *CPI and PPI Manuals*.

Consider changing the elementary aggregate formula to a geometric mean, as currently recommended by the new *CPI Manual*.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Intermediate results are validated against other information where applicable

The CPI is compared with comparable estimates from other major price indexes such as the PPI, export price indexes, import price indexes, and a price index for agricultural products. The press is also monitored for relevant price information in the validation process.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

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

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

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

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)

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

4. Serviceability

4.1 Periodicity and timeliness

4.1.1 Periodicity follows dissemination standards

Periodicity meets the SDDS requirements. The CPI is compiled monthly.

4.1.2 Timeliness follows dissemination standards

Timeliness meets the SDDS requirements. The monthly CPI estimates are disseminated on the first day following the reporting period.

4.2 Consistency

4.2.1 Statistics are consistent within the dataset

The CPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant to aggregation. The republic level headline CPI is aggregated from the regional item indices using regional weights.

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

The ASRK started compiling the CPI in 1993. Consistent data for all sections, classes, and groups are available from that time, with disaggregation by oblasts.

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

The CPI estimates are consistent with the national accounts and with other price statistics systems. The ASRK started compiling the CPI in 1993. Consistent data for all sections, classes, and groups are available for the past 13 years, with disaggregation by oblasts.

4.3 Revision policy and practice

4.3.1 Revisions follow a regular and transparent schedule

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

The data are final when first released and are not subject to revision.

4.3.2 Preliminary and/or revised data are clearly identified

The data are final when first released and are not subject to revision.

4.3.3 Studies and analyses of revisions are made public (see also 3.5.1)

Revisions are clearly identified and explained in statistical publications. Number of monthly, quarterly, and annual analytical papers, some of which explain and analyze the weight revisions, are available on the ASRK website.

5. Accessibility

5.1 Data accessibility

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

The ASRK produces a wide range of publications where the CPI is included in a clear manner with accompanying charts, tables, and analysis of current-period developments to facilitate analysis by users.

The CPI estimates and accompanying analysis are presented at various levels of aggregation. The press release gives a quick overview of recent developments, while other monthly and quarterly publications, accessible through the ASRK website, provide more detailed breakdown and analysis of index components. The data are presented in short- and long-term change form, as well as in long time-series format using different base periods.

Breakdown for oil and gas related products and services are presented at national and regional level. The CPI excluding energy is included in the regular CPI publication and a separate monthly publication on prices of oil and refined products is also disseminated.

5.1.2 Dissemination media and format are adequate

The CPI is first published as a press release "*On Inflation,*" followed by an express information release "*On the Level of Inflation in the Republic of Kazakhstan*, both posted on the ASRK website on the same day. On the fourth day of the month a more detailed publication "*Consumer Prices Index in the Republic of Kazakhstan*" is published with further analysis of recent developments and more detailed breakdown. It also provides detailed data on changes in prices in terms of dynamics for months against the preceding month and December of the previous year and as a cumulative total from the beginning of the year against the same period of the previous year for the main sections, groups, classes, and certain commodity headings. Further, on a quarterly basis additional analytical materials are disseminated on changes in prices on the markets of critical goods and services in the Republic and the regions. All publications are available through the ASRK website and also

in print form. Recent data as well as longer time series on the CPI can be accessed through a computer database.

5.1.3   Statistics are released on a preannounced schedule

The preannounced schedule for release of the CPI data follows a set and stable pattern.

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

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

5.1.5   Statistics not routinely disseminated are made available upon request

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

5.2   Metadata accessibility

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

There has been a clear improvement on the metadata accessibility since the previous Report on the Observance of Standards and Codes (ROSC) mission in 2002. A comprehensive set of methodological publications, all accessible through the ASRK website, provide information on the CPI compilation at various levels of detail. Short methodological explanations are placed on the first page of every bulletin and other publications, such as the "*Statistical Yearbook of Kazakhstan.*" The main publications describing the PPI definitions and compilation practices in detail are "*Methodological Principles for Price Statistics*" and "*Methodological Principles for Statistics.*" Additionally, quarterly and annual analytical publications are compiled.

The SDDS metadata are kept under review.

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

The ASRK prepares various brochures, bulletins, and notes to inform general users about different statistical series. The level of detail varies along with the detail of the data series. Reference books are prepared annually analyzing price developments over the past five

years. In addition, the ASRK's website provides information of the methodology underlying the compilation of the CPI.

5.3　Assistance to users

5.3.1　Contact points for each subject field are publicized

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

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

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

Table 2. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for the Consumer Price Index

(Compiling Agency: Agency of Statistics of the Republic of Kazakhstan)

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

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources			X			Maintaining adequate staff level and continuing with a tight monthly compilation schedule during the organizational change will be difficult.
0.3 Relevance		X				
0.4 Other quality management		X				
1. Assurances of integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and reliability						
3.1 Source data		X				
3.2 Assessment of source data		X				
3.3 Statistical techniques			X			The elementary aggregate index uses a Dutot formula instead of recommended geometric average. Treatment of some seasonal products may potentially miss some price increases at the beginning of a new season.
3.4 Assessment and validation of source data		X				
3.5 Assessment and validation of intermediate data and statistical outputs		X				
3.6 Revision studies		X				
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency		X				
4.3 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

III. Producer Price Index

0. Prerequisites of quality

0.1 Legal and institutional environment

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

The government resolution on the Agency on Statistics of the Republic of Kazakhstan (ASRK) (No. 1460 of December 31, 2004) identifies the ASRK as the central executive agency on statistics. The Law on Official Statistics (No. 98-1 dated May 7, 1997 supplemented by amendments No. 280-II in January 2002, and No. 14-III in 2004) that governs the collection and dissemination of official statistics, reinforces the ASRK's mandate to collect, process and disseminate official statistics.

Accordingly, the ASRK: (i) ensures the functioning and improvement of a unified statistical information system for the country; and in this context (ii) prepares a program of official statistics in coordination with other data-producing agencies; and implements the program after it is approved by the government. The current statistical program includes a three-year program for developing statistics (2006–2008), as well as an annual operational Plan of Statistical Activities that are embedded in the budgetary process.

The compilation of national accounts and price statistics and the improvement of these statistics are outlined in this plan.

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

Data sharing and inter-agency coordination among data-producing agencies are adequate with strong legal support provided by Article 10 of the Law on Official Statistics and Government Resolution No. 1460 on the ASRK of December 2004. Article 10 empowers the ASRK to request government agencies to provide it with the data they produce in the process of carrying out their responsibilities. As well, Articles 3 and 8 of the Law on Official Statistics obligate the ASRK to coordinate the statistical activities of government agencies. This is done primarily through the medium-term program for developing statistics and annual statistical plans (see 0.1.1). Major issues of statistical coordination may be raised in the Council on Economic Policy that is chaired by the Prime Minister and includes senior officials, including the finance minister, and heads of the national bank and the ASRK. The Council was established on October 25, 2003 by Government Resolution No. 202 with a mandate to conduct government economic policy, make recommendations for economic and

social development over the medium and long term, prevent economic crises, and, if they occur, to minimize their impact.

Data sharing is also ensured through the annual Plan of Statistical Activities and through agreements between the ASRK, the Ministry of Finance (MOF), and the National Bank of the Republic of Kazakhstan (NBRK) on cooperation in statistics.

In general, the National Accounts Department may access the aggregated data that it needs from the registers, data files, the data collected, processed and stored by other data-producing agencies. For example, in line with the terms of reference of the governmental Interagency Task Force to promote small and medium business and to reduce the reporting burden of such businesses the ASRK receives the data on the sales, expenses and other balance sheet items of such enterprises from the Tax Committee of MOF.

Since July 29, 1997, when Government Order 1184 established the Inter-Agency Council for Improving Government Statistics, the Council on Economic Policy and the ASRK together have appropriated the functions of the Inter-Agency Council. The Inter-Agency Council thus was abolished on March 4, 2005 (Government Resolution No. 206). It had been the main vehicle for coordinating the activities of the data-producing agencies in methodology, statistical standards, and statistical collaboration. The Inter-Agency Council included the First Deputy Prime Minister and 15 other members representing other governmental institutions.

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

The confidentiality of individual reporters' data is safeguarded by Articles 11–13 of the Law on Official Statistics and by the ASRK's rules for collecting information. The order of the Chairman of the ASRK (No. 72 dated July 10, 2002) *On Establishing the Rules for Presenting Statistical Reports* states that disclosure of reporters' data is punishable in accordance with the Administrative Code. These articles and rules make it compulsory for all concerned agencies to protect the confidentiality of the individual reporters' data; and they hold the statistical staff legally responsible for protecting the confidentiality of the reporters' data. Also, government agencies and their territorial offices are obligated to observe state and commercial secrets; and to guarantee that individual reporters' data may be disseminated only with the consent of the reporters. The statistical authorities must also ensure that the reported data are used exclusively for statistical purposes. Violation of these rules may incur punitive actions as provided in Article 383 of the Code of Administrative Violations (effective January 30, 2001): "sale, transfer to anyone, or other disclosure of statistics that are commercial secrets by an official without the consent of their lawful possessor shall incur a fine."

The ASRK takes the following steps to protect the individual reporters' data: (i) it gives clear instructions to the staff about their legal obligation to maintain the confidentiality of the individual information; (ii) it restricts the access to individual reporters' data to only those staff who require the information; (iii) it applies aggregation rules to prevent the disclosure of residual information through dissemination, though the data confidentiality provisions do not apply to state-owned enterprises; and (iv) it may take punitive measures against the staff who disclose confidential data and/or violate the legal provisions concerning the confidentiality and secrecy of the reported data.

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

Articles 3 and 10 of the Law on Official Statistics are the legal basis to obtain information from reporters as well as to elicit strong response "on compulsory basis" and "free of charge." As well, Government Resolution No. 1460 of December 31, 2004 (see 0.1.1) requires that the requested information must be accurate and comply with the format and deadlines specified in the Plan of Statistical Activities. The resolution also gives the ASRK the statutory power that makes its normative and legal acts obligatory for reporting units. Noncompliance with the reporting requirements, including misreporting, is punishable under the Administrative Code (see 0.1.3)

To check the accuracy of the reported data the national accounts and price statistics central office staff may approach the regional ASRK staff to contact and visit business units. The inspections are on an as-needed basis and undertaken selectively, often involving the sector specialists.

In practice, the response of the large- and medium-size reporters is adequate. The national accounts staff meets these reporters regularly to encourage full and timely response and to receive feedback on the reporting burden. On the other hand, the information provided by small businesses is often inaccurate. To improve the quality of this information, the ASRK now collects information from these businesses using random sampling techniques focusing on the quality of the reported information while reducing the respondent burden of the reporting units.

The national accounts staff has regular contacts with foreign oil and gas companies to encourage timely response. The response from such companies has improved over time. Nevertheless, there are certain firms that do not presently fully comply with the legal reporting requirements. The national accounts and other ASRK staff are in contact with these firms to improve their reporting behavior.

0.2   Resources

0.2.1   Staff, facilities, computing resources, and financing are commensurate with statistical programs

The ASRK central office has a total of 186 staff, of which the National Accounts Department comprises 19 and the Price and Labor Statistics Department comprises 23. Some 15 full time staff, including the information technology staff assigned to the price programs, work on the consumer price index (CPI) and the producer price index (PPI). This excludes the regional offices' price staff undertaking a major part of the collection and validation tasks. The national accounts staff work in four divisions covering the following:

- GDP by Production and Expenditure Approach—compilation of annual and quarterly GDP estimates, as well by income approach on annual basis;

- integrated Economic Accounts—the full sequence of accounts and accounts by institutional sectors;

- supply-use tables; and

- financial Statistics Data—design and processing of data from the annual report of enterprises (balance sheet and profit-loss statement).

Additionally the satellite accounts of tourism and accumulation accounts are compiled but are presently not disseminated. The accounts for 2005 are being finalized for publication in early 2007.

The staff is highly experienced with adequate qualifications and training in statistical compilation. All the staff members have a university degree. National accounts staff received training in national accounts in the early 1990s from the Organization for Economic Cooperation and Development. Key price statistics staff received training in price statistics from various European, American, and international statistical agencies in the early 1990s. Since then the price statistics staff have periodically participated in international conferences and seminars. The staff is also being introduced to the new *Consumer Price Index Manual (CPI Manual)* and *Producer Price Index Manual (PPI Manual)*.

Computer resources are adequate. Each expert in the National Accounts Department has a personal computer. The computers are connected by a network. Hardware and software facilities are adequately up-to-date. Backup procedures are adequate for the national accounts and prices programs with multiple backups in hard copy as well as electronic.

The proposed reorganization of the ASRK includes relocation to Astana of agency and departmental management, as well as senior professionals, comprising about 30 percent of the current Almaty staff. The remaining staff of the new Astana headquarters will be recruited in part from existing ASRK staff and in part from new hires. The ASRK has received funds for the logistics of the move to Astana and management sees training of new and existing staff as a priority. The continuity of the national accounts and price statistics programs will require close attention during the transition period to filling vacancies with qualified applicants and providing training for new staff.

Although financial resources are broadly commensurate with the requirements of the statistical program, the number of staff in the national accounts program is inadequate to maintain the current volume and timeliness of national accounts statistics. The number of staff in both Departments has declined in recent months because of staff attrition on the eve of the ASRK headquarters reorganization. There are five vacancies in the National Accounts Department and four in the Price and Labor Statistics Department. Any further reduction, particularly of the experienced staff that provides continuity and institutional memory for the national accounts program, will affect the volume and timeliness of the statistics produced. A further reduction of eight staff is expected in the National Accounts Department in the context of upcoming administrative reforms.

Although the national accounts staff is highly experienced with adequate university and on the job training, members of the staff have received little training in international fora during the last decade. Only three members of the present staff have received training in the IMF's national accounts courses. The work load of the staff is very heavy. There is also pressure to increase the scope of the national accounts statistics program and improve the timeliness of the statistics produced. The challenge for the ASRK is to hire and retain qualified young staff to ensure succession and continuity of the national accounts program, as well as to make greater use of the available discrete data to compile quarterly national accounts.

In view of the current inadequate staff situation urgent action is needed to ensure that the current vacancies are filled, adequate training is provided to the new staff and sufficient skilled staff are available to successfully implement the national accounts and price statistics programs. This is most acutely needed for the national accounts program.

0.2.2   Measures to ensure efficient use of resources are implemented

Resources are allocated in the context of the Plan of Statistical Activities, which is a key instrument to achieve efficiency. This avoids duplication in the collection of primary data through unification of the surveys, and ensures that the concepts and classifications are consistent across datasets. Efficiencies have also been achieved through more use of sample surveys and administrative data.

The Plan of Statistical Activities broadly defines the expected outputs of the National Accounts Department and the Price and Labor Statistics Department including the dates for completing them. The progress in achieving these outputs is monitored at the meetings of the ASRK senior staff. The ASRK also seeks to enhance the efficient use of the resources by seeking outside evaluations/advice and assistance from international agencies such as the European Union, IMF, etc., and also bilaterally with Norway, Sweden, and Turkey.

0.3   *Relevance*

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

Maintaining the relevance and practical utility of the statistics produced by the ASRK is required by Article 3 of the Law on Official Statistics; and the Public Council to Improve State Statistics, the ASRK's advisory body, ensures that this legal requirement is adequately reflected in the Plan of statistical activities. The Public Council was established on April 18, 2005 by Order No. 63 of the Chairman of the ASRK—*On Establishing the Public Council to Improve State Statistics in ASRK*. Its primary function is to implement the *Fundamental Principles of Official Statistics* adopted by the United Nations. It determines whether the statistics produced by the ASRK adequately meet the users' needs; it safeguards the interests of the reporters, in particular to ensure that there is no unnecessary reporting burden, and it reviews the Plan of Statistical Activities to ensure that it adequately meets the needs of the users of statistics. It provides overall guidelines for statistical development and their implementation through the Plan of Statistical Activities. A statistics Users' Group on national accounts statistics has been established within the Public Council framework to institutionalize interaction between ASRK and the users of statistics to regularly and systematically monitor user needs. This also establishes a forum to inform users of statistics on specific aspects of the current data.

The state policy on statistics also aims to fully adopt international standards that meet users' needs. It must also ensure that the official data are comparable and adhere to international statistical standards, methodologies, and classifications.

The Users' Group could be a forum to advocate reducing respondent burden by collecting information by discrete time period, rather than both by discrete period and cumulatively from the beginning of the year

0.4   Other quality management

0.4.1   Processes are in place to focus on quality

Article 4 of the Law on Official Statistics is the legal basis for a strong focus on quality issues. It requires that the statistics have "integrity," they are "reliable," "comprehensive," and are comparable with "statistical standards used in international practice." Also, the establishment of the advisory Public Council in 2005 (see 0.3.1) focusing on achieving compliance with international standards and best international statistical practices is evidence of management's concern to improve the quality of the statistics.

One of the main tasks of the Public Council is to implement the United Nations' *Fundamental Principles of Official Statistics*. Its recommendations and proposals are implemented by the ASRK's Coordination Department that is overall responsible for improving the quality of statistics.

The national accounts staff is also aware of their responsibilities as civil servants to produce high quality national accounts statistics.

0.4.2   Processes are in place to monitor the quality of the statistical program

The Public Council monitors the quality of the statistical program routinely while reviewing the annual program of statistical activities. Quality issues, in particular those pertaining to the collection and processing of the statistics, are addressed at the meetings of the ASRK senior staff.

There are also three other processes to monitor the quality of the national accounts program: (i) through interaction between the staff in headquarters and regional staff where the problems of collecting and processing the primary and intermediate data are reviewed; (ii) through users' feedback on the quality of the disseminated data. The feedback is provided on questionnaires that are available in the publications. Users are also given the publication catalogs to give feedback on the listed items; and (iii) through a dialogue with the users during an annual "Open Day" organized by the ASRK. The participation of the national accounts staff in international statistical forums is also an encouragement to strive for better quality national accounts statistics.

0.4.3   Processes are in place to deal with quality considerations in planning the statistical program

While ensuring the relevance of the statistics produced the Public Council also ensures that quality considerations are adequately reflected in the Plan of Statistical Activities. In this

plan the quality issues are addressed giving due consideration to trade-offs between the timeliness and accuracy of the national accounts statistics (given the need for additional primary data sources), while establishing priorities with limited budgetary resources.

The issue of improving the quality of statistics is addressed as well in the medium-term program of improving statistical activities (2006–2008) that was developed in consultation with users, business, and researchers and approved by the government in 2005. Its aim is to bring the statistics fully in line with the international standards and best international statistical practices.

1. Assurances of integrity

1.1 Professionalism

1.1.1 Statistics are produced on an impartial basis

Article 8 of the Law on Official Statistics guarantees full professional independence to the ASRK in its statistical work. The ASRK chairman and deputy chairpersons are appointed by the Prime Minister. The ASRK is financed through the government budget. The ASRK prepares an annual Plan of Statistical Activities, without binding instructions, in coordination with other data-producing agencies that it implements after government approval. The Law on Official Statistics (Article 4) obliges the ASRK to adhere to the principles of integrity, neutrality and objectivity in the conduct of its operations.

Professionalism is promoted by the Public Service Law, Administrative Code and Code of Honor of Public Servants that include penalties for misuse of public property and confidential information by state employees, and set the qualifications for the statistical job series needed to implement the ASRK's work program. Professional skills in statistics and economics are considered in determining the compensation level and eligibility for promotion.

The ASRK national accounts staff have been invited to conduct training in national accounts concepts and definitions for the staff of other government institutions.

1.1.2 Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations

Independence in the selection of the sources and statistical techniques and dissemination is guaranteed by Article 8 of the Law on Official Statistics. The compilers of national accounts statistics determine the data sources based solely on statistical considerations, i.e., measurement objectives and data requirements and giving due regard to quality, timeliness,

costs, burden on respondents, and compliance with international standards and good practices.

The dissemination of the national accounts statistics complies with the requirements of the IMF's Special Data Dissemination Standard (SDDS).

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

The ASRK responds via a public modality when it disagrees significantly with the technical merits of public statements about the disseminated statistics. The ASRK has successfully defended the accuracy of GDP statistics at the highest level in response to allegations to the contrary made by another government agency. Releases of the quarterly and annual data are usually supplemented by explanatory material and briefings for the press with the aim to avoid misunderstanding or erroneous interpretation and misuse of the disseminated statistics.

1.2 **Transparency**

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

The website of the ASRK disseminates the Law on Official Statistics, and other documentation on the legal and institutional environment for producing and disseminating the statistics. It also gives information about how the ASRK products may be found on the website. The ASRK provides information on all statistical products, and identifies a contact person (with postal address, telephone number, and e-mail), both in the hard copy publications and through the website. The survey forms make reference to the Law on Official Statistics and to data confidentiality.

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

The data are released simultaneously to all users. No officials outside the ASRK have access to the data prior to their release. Some ministerial commentary is attached to the release of the data that is confined mainly to describing the movement of the variables.

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

Products of the ASRK are clearly identified by its name and logo. Official publication of the ASRK data by other agencies are attributed to the ASRK.

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

Advance notice of changes in the methodology are provided in the medium-term program for developing statistics. The changes in methodology to be implemented in the current year are identified in the annual statistical plan.

1.3 Ethical standards

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

In addition to the provisions of the Law on Official Statistics prohibiting the disclosure of confidential information, the staff conduct is guided by the Code of Honor for public servants. The Law on Public Service and departmental statutes prohibit public servants to hold any paid position in business (excluding for research and development) that might create conflict of interest situations. The staff is provided with a relevant job description specifying his/her major tasks, functions, and duties, as well as norms of conduct.

2. Methodological soundness

2.1 Concepts and definitions

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

The concepts and definitions used to compile the PPI follow international guidelines. The output PPI weights are based on the market value of industrial output of Kazakhstan enterprises following the *1993 SNA. S*imilarly, the input PPI weights refer to the value of intermediate consumption definition, whereas the transaction specifications for individual goods to be priced follow the guidelines given in the *PPI Manual*.

Following the activity and product classifications, the output estimates are compiled at all one- to four-digit industry levels and at several group and class levels down from nine-digit product level. The estimates and their definitions are annually reviewed.

The oil and gas related activities and products are included in the scope of the PPI. They include extraction of crude petroleum and natural gas, manufacturing of relevant refined chemical and petroleum products, manufacturing of gas, distribution of gaseous fuels, transportation via pipelines, and other supporting services.

2.2 Scope

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

The PPI covers core industrial activities and selected energy and production services—including mining, manufacturing, generation and distribution of electric power, gas, and water, and covering some 230 commodity groups.

Starting with 2006, mainly comparable wholesale price indices for forestry products and for construction are built separately based on the same methodology used to build the main PPI. Moreover, separate PPIs are compiled for transportation and communication services rendered to public and private entities, while plans to extend the service sector coverage are under review. The main PPI incorporates services of the production type but excludes transportation and communication.

The enterprise coverage of the statistical enterprise register, used for the PPI establishment sample, and the product coverage broadly follows the *1993 SNA* including all resident enterprises. Small establishment are being added to the register. Deviations from the *1993 SNA* product output coverage, mainly the exclusion of illegal market goods and services are explained to the public.

2.3 Classification/sectorization

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

The PPI is based on European NACE- (*the General Classification of Types of Economic Activities*) and CPA-derived (*the Classification of Products by Activity*) activity and product classifications, available on the ASRK website. The *1993 SNA* is followed to classify institutional units and product transactions.

The ASRK's classification and sectorization used in the compilation of the PPI are in conformity with internationally accepted systems.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

The output PPI uses weights valued at basic prices, excluding the VAT, excise taxes, supply-and-sales and transportation costs. For the input PPI weights purchaser's prices are used,

including sales taxes and transportation margins. The monthly price collection follows the same valuation rules.

The priced product specifications include transaction specifications so that price determining quality attributes can be kept constant and like compared with like.

2.4.2 Recording is done on an accrual basis

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

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

For the stage of processing indices, net product weights are used to aggregate the product PPIs to higher levels so that the aggregate index is internally consistent and double-counting is avoided.

3. Accuracy and reliability

3.1 Source data

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

The source data for the PPI weights and prices are collected from comprehensive data programs.

A *State Statistical Register* and a sectoral catalog of enterprises are used for establishment of a sample frame. These are regularly updated for the newly registered and nonactive units and reflect the structure of the Kazakhstan economy. The PPI establishment sample is also refreshed regularly. Small enterprises are also included in the registry. The enterprise survey is carried out annually and the data collected are used to derive output weights, intermediate input weights, and product weights.

In the mining industry, where the number of enterprises is small, complete coverage is achieved, whereas for the other types of economic activities, random sampling is used to select core enterprises. *Statistical Reporting Form No.1-CP "Prices of Enterprises— Producers of Industrial Products and Production Services"* is revised virtually every year and necessary changes implemented.

The monthly price survey is based on comprehensive data collection. The monthly price surveys collect data totaling some 4,000 price quotations from about 1,000 establishments. The survey is carried out for a selected network of core enterprises (mostly large and medium-sized) of all forms of ownership and legal forms of organization. Large enterprises are all covered by price collection, while medium-sized enterprises are selected based on scientific sampling. Although mainly large and medium sized establishments are included in the price sample, small enterprises' share of industry total is followed and sampling of these establishments has been initiated also in the price survey. The sampling is being constantly enlarged to take into account the changes in the structure of industrial production in the Republic. On a geographical basis, the PPI covers 14 regions, three large cities, as well as the cities of Almaty and Astana.

Producer prices are recorded on a monthly basis between the 15th and 20th days of the reporting month. Producer prices are recorded for more than 700 types of products and production services accounting for more than 80 percent of the output. The survey coverage within each of the main industrial groups is also more than 80 percent. Total of some 4,000 prices are collected on a monthly basis with the breakdown by type of activity, product, and stage of processing.

The market environment is studied for products and the list of surveyed products updated at the regional level, annual specialized surveys of core enterprises are undertaken. Additional sources for either source data or for assessment purposes are actively sought. The press and research papers are monitored for information on prices for integration into statistics registers.

The weights and price data for oil and gas related activities and products are gathered from all companies operating in the industry through annual survey and monthly price collection. The detail includes all main products at all levels of processing.

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

Source data used for the PPI weights and prices are consistent with the definitions, scope, and classification of the PPI. They also follow international standards with the time of recording, reference periods, and valuation of PPI estimates.

3.1.3 *Source data are timely*

The monthly price collection from the regions, including proper reporting, follow-up and transmission procedures, enables the ASRK to compile the PPI estimates in a timely manner. Producer price data are collected on a monthly basis between the 15th and 20th days. Prices

for input PPIs and agricultural and some service PPIS also broadly follow the same procedures. The customs price data, used for the compilation of import and to export unit price indices, are provided with a one month lag. Prices of agricultural products, forestry products and services, construction, cargo transportation, foreign trade and wholesale prices are collected separately.

3.2   Assessment of source data

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

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

The staff at the regional offices regularly analyze movements in the producer prices of same products from different enterprises, as well as in the related segments of the economy (agriculture, the consumer segments) to identify nontypical price movements. Further, the staff regularly visit core enterprises to check the information provided is reliable. The respondents are also requested to verify the accuracy of such changes At the country level, logical control steps are taken to identify suspect price quotas, and individual price quotes are clarified. If need be, adjustments are made accordingly.

3.3   Statistical techniques

3.3.1   Data compilation employs sound statistical techniques to deal with data sources

Overall, the ASRK utilizes sound statistical techniques to minimize processing and compilation errors in the PPI. The PPI compilation includes internal data consistency and accuracy checks. Suspect price records are always confirmed with the reporting unit and nonresponse kept low by frequent communication. Unit records are only changed due to attrition or quality and other changes in the transaction or establishment sample.

Missing prices are imputed using different techniques best suited for each specific situation, but the main method is to use change in the prices of similar products. Products are added to and dropped from the price sample at the beginning of each year, while during the year new

transactions may be introduced into the sample. If production of any representative product is discontinued during the year, a similar product is selected as a replacement.

Both explicit and implicit quality adjustment techniques are used, depending on the product. Judgmental adjustments, based on the differences in production costs are used with quantity adjustments.

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

An unbiased formula is used to calculate the basic level price indexes and an appropriate index formula with weights is used to aggregate elementary indexes to higher levels. The relative of average prices, the Dutot index, is used at the elementary aggregate level, for items at each region. These indices are aggregated using the short-term Laspeyres formula and chaining the index to the previous period's index. When new weights are introduced every year, the new index is linked to the old index, and a monthly overlap period is used to calculate linking factors.

Although the Dutot formula is acceptable as an elementary aggregate index, it requires very homogeneous items. Because the Dutot index is not invariant to changes in the unit of measurement (i.e., it fails the commensurability test) and requires high homogeneity in prices, the geometric mean is preferred. This agreement on elementary aggregate best practice has been reached during recent the compilation of the *CPI and PPI Manuals*.

Consider changing the elementary aggregate formula to a geometric mean, as currently recommended by the *PPI Manual*. In consultation with users, introduce this into the statistical plan over the medium term.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Intermediate results are validated against other information where applicable

Changes in the sublevel PPI are compared with the prices of agricultural products, the input producer prices and export prices. International commodity market price information is also used for validation purposes.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

Comments on price deviations are provided in the bulletin called "*Industrial Producer Price Index*" and a similar press release.

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

No adjustments are made to the data published as express information and in bulletins.

3.5 Revision studies

3.5.1 Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)

Based on the findings of analytical studies, changes are made to instructions regarding the organization of price surveillance and index compilation. The PPI estimates are not revised but the effects of annual weight revisions are explained in annual analytical papers.

4. Serviceability

4.1 Periodicity and timeliness

4.1.1 Periodicity follows dissemination standards

Periodicity meets the SDDS requirements. The PPI is compiled monthly.

4.1.2 Timeliness follows dissemination standards

Timeliness meets the SDDS requirements. The monthly PPI estimates are disseminated on the first day following the reporting period.

4.2 Consistency

4.2.1 Statistics are consistent within the dataset

PPI estimates for the different classifications are internally consistent in that the all-item aggregate is invariant to aggregation.

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

Consistent time series exist from the beginning of the PPI compilation from year 1992. The PPI compilation methodology has not been altered since and annual weight updates and accompanying chaining methodology is explained in detail. Monthly, quarterly, and annual analytical papers, accessible through the ASRK website, explain the price index movements

in detail. The main presentation form of annual changes, for which the users are accustomed to, go along with standard accumulative long time series in some publications.

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

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

4.3   Revision policy and practice

4.3.1   Revisions follow a regular and transparent schedule

The annual PPI weight revision cycle is predetermined and stable from year, and the users are aware of this schedule. Detailed documentation on revisions is included in the ASRK's publications. There is a clear policy to include new source data as early as possible and the ASRK follows an established and transparent procedure to make such improvements. The actual PPI estimates are not revised.

4.3.2   Preliminary and/or revised data are clearly identified

Not applicable, as the ASRK does not publish preliminary data and the PPI estimates are not revised.

4.3.3   Studies and analyses of revisions are made public (see also 3.5.1)

Revisions are clearly identified and explained in statistical publications. A number of monthly, quarterly and annual analytical papers, some of which explain and analyze the weight revisions, are available on the ASRK website.

5.   Accessibility

5.1   Data accessibility

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

The ASRK produces a wide range of publications where the PPI is included in a clear manner with accompanying charts, tables, and analysis of current-period developments to facilitate analysis by users.

The PPI estimates and accompanying analysis are presented at various levels of aggregation. The press release gives a quick overview of recent developments, while other monthly and quarterly publications, accessible through the ASRK website, provide more detailed breakdown and analysis of index components. The data are presented in short- and long-term change form, as well as in long time series format using different base periods. The ASRK does not seasonally adjust the PPI data.

Series for all oil and gas related products and services are presented separately in the regular PPI publications and a separate monthly publication on prices of oil and refined products is also disseminated. These publications include stage of processing series for oil and gas activities.

5.1.2   Dissemination media and format are adequate

The PPI is first published as a press release "*On Changes in Industrial Producer Prices,*" followed by a more detailed express information release "*Industrial Producer Price Index*" later on the same day. Few days later, together with other price indicators, further analysis of recent developments and more detailed breakdown are published in "*Prices Indices in the Real Sector.*" These publications, as well as further quarterly and annual analytical publications are all available free of charge through the ASRK website or also in print form by contacting the ASRK office. Recent data as well as longer time series on the PPI can be accessed through a computer database.

5.1.3   Statistics are released on a preannounced schedule

The preannounced schedule for release of the PPI data follows a set and stable pattern.

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

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

5.1.5   Statistics not routinely disseminated are made available upon request

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

5.2 Metadata accessibility

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

There has been a clear improvement on the metadata accessibility since the previous ROSC mission in 2002. A comprehensive set of methodological publications, all accessible through the ASRK website, provide information on the PPI compilation at various levels of detail. Short methodological explanations are placed on the first page of every bulletin and other publications, such as the "*Statistical Yearbook of Kazakhstan.*" The main publications describing the PPI definitions and compilation practices in detail are "*Methodological Principles for Price Statistics*" and "*Methodological Principles for Statistics.*" Additionally, quarterly and annual analytical publications are compiled.

The SDDS metadata are kept under review.

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

The ASRK prepares various brochures, bulletins, and notes to inform general users about different statistical series. The level of detail varies along with the detail of the data series. Reference books are prepared annually analyzing price developments over the past five years. In addition, the ASRK's website provides information of the methodology underlying the compilation of the PPI.

5.3 Assistance to users

5.3.1 Contact points for each subject field are publicized

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

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

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

Table 3. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for the Producer Price Index
(Compiling Agency: Agency of Statistics of the Republic of Kazakhstan)

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

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. **Prerequisites of quality**						
0.1 Legal and institutional environment		X				
0.2 Resources			X			Maintaining adequate staff level and continuing with a tight monthly compilation schedule during the organizational change will be difficult.
0.3 Relevance		X				
0.4 Other quality management		X				
1. **Assurances of integrity**						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. **Methodological soundness**						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. **Accuracy and reliability**						
3.1 Source data		X				
3.2 Assessment of source data		X				
3.3 Statistical techniques			X			The elementary aggregate index uses a Dutot formula instead of recommended geometric average.
3.4 Assessment and validation of intermediate data and statistical outputs		X				
3.5 Revision studies		X				
4. **Serviceability**						
4.1 Periodicity and timeliness		X				
4.2 Consistency		X				
4.3 Revision policy and practice		X				
5. **Accessibility**						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

IV. GOVERNMENT FINANCE STATISTICS

0. Prerequisites of quality

0.1 Legal and institutional environment

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

The only agency responsible for collecting, processing, and disseminating government finance statistics (GFS)[6] is the Ministry of Finance (MOF). The Reporting and Statistics Department (RSD) has the main responsibility for the compilation and dissemination of GFS. In addition, the Treasury Committee compiles and disseminates data on government debt and government guaranteed debt, and the Government Borrowing Department compiles and disseminates data on borrowing.

All aspects of the MOF's powers and responsibilities are defined in the Budget Code, No. 548 of April 24, 2004 (most recently amended July 5, 2006). Article 4 (36) and (61) of the Budget Code state that the MOF is the central executive institution responsible for the formulation, execution, accounting, and reporting on the republican (central government) budget and, within its terms of reference, local budgets and the National Fund of the Republic of Kazakhstan (NFRK). The text of the Budget Code is available on the website of the Ministry of the Economy and Budget Planning (http://www.minplan.kz/).

In a broader context, the Law on Official Statistics, N 98-1 of May 7, 1997 (amended in January 2002 and December 2004) defines the powers and functions, as well as relationships among government agencies, including the MOF, which perform statistics-related activities. The law states the basic principles for the collection, processing, and dissemination of economic, social, demographic, and environmental statistics in Kazakhstan. The text of the Law on Official Statistics is available in Kazakhstani, Russian, and English on the Agency of Statistics of the Republic of Kazakhstan (ASRK) website (http://www.stat.kz).

0.1.2 Data sharing and coordination among data producing agencies are adequate

Coordination is assured by the execution of data provision agreements among agencies and departments, which specify the lists and reporting formats for the supply of data. The execution of data provision agreements is provided for under the Law on Official Statistics

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[6] The term "GFS" refers to statistics on the finances of government that may or may not strictly follow the guideline of the IMF's *A Manual on Government Finance Statistics,* 1986.

and government regulatory and working instructions, which are registered with the Ministry of Justice.

The Law on Official Statistics (Articles 3, 8, and 10) requires full cooperation among state agencies in compilation and dissemination of state statistics.

 The effectiveness of data sharing with other agencies is sufficient for the compilation and dissemination of GFS.

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

Statistics compiled and disseminated by the MOF are derived from public records, which are safeguarded under the provisions of the Budget Code, the Tax Code, the Law on State Secrets, and the Law on Official Statistics.

The Law on Official Statistics (Article 13) guarantees the confidentiality of primary statistical information on individuals and legal entities. Primary statistical information may only be disseminated with the consent of the individual or legal entity that submitted the information. Electronically stored data are protected by password access and system access rights.

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

The Budget Code specifies the types of reporting, timeliness, and frequency for the compilation and dissemination of budget data.

Budget Code Article 121(3) specifies the formats and Article 123(1) the timeliness, which is monthly and annual for transactions. Article 197 specifies that government and government guaranteed debt data will be disseminated quarterly. The Law on Official Statistics (Articles 3 and 10) grants rights to authorized agencies, including the MOF, to obtain statistical reports based on the schedule defined by the *Statistical Plan,* which is prepared by the ASRK. The Law also addresses the issue of the reporting burden by stipulating that the authorized state agencies should confine data to be collected to the lists of approved forms for statewide and departmental statistical reports. The lists of approved statistical forms are to be developed under close cooperation among statistics collecting agencies. The ASRK runs seminars to assist users and explain statistical needs.

0.2   Resources

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

The RSD's budget statistics division has 13 staff; four of whom are dedicated to statistical (budget reporting) compilation. The MOF Human Resources and Document Control Department provides relevant in-house training programs. Attendance is encouraged.

The Treasury Integrated Information System (TIIS) was implemented in full on April 1, 2004, and is used in reporting on republican budget execution and the operation of the Treasury Single Account. The TIIS has greatly improved the efficiency of budget processing.

A separate processing system, the Budget Process Monitoring System (BPMS) is still used for local government data processing and compilation of consolidated general government reports.

The RSD has sufficient staff and computing resources to carry out its existing compilation and dissemination responsibilities. More staff training in GFS methodology is required for transition to the methodology of the *Government Finance Statistics Manual 2001 (GFSM 2001)*. Additional staff resources may be required for the implementation of the *GFSM 2001*. The Department does not have significant problems in recruiting and retaining qualified staff, although salary levels are not competitive with the private sector. All staff have tertiary qualifications in economics In the last two years, the RSD staff have not attended any training courses provided by international institutions. This is mainly due to lack of awareness of such courses.

0.2.2   Measures to ensure efficient use of resources are implemented

Separate costing on the compilation of GFS is not available. The allocation of resources to various activities of the MOF is part of the overall management and budgetary control processes, which sets ceilings on departmental expenditure. Weekly ministerial meetings raise resource efficiency issues.

The introduction of TIIS has produced significant efficiencies in data recording, collection, and processing, as well as a significant reduction of the time required for data compilation and distribution.

0.3 Relevance

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

The main mechanism for monitoring the utility of user needs is through the operation of the Methodological Council, which is chaired by the Minister. The members of the Council include the deputy ministers and heads of various MOF departments and committees. One of the Council's main responsibilities is to review the issues of methodology, accuracy, and serviceability, as well as to set the work program for improving statistics and related administrative procedures. The Council meets as necessary, but at least once every quarter.

The compilation of high quality statistics based on international standards is explicitly recognized under the Law on Official Statistics (Article 11). In particular, Article 3 stipulates that "The public statistical policy of the Republic of Kazakhstan is aimed at establishing, operating, and improving a unified statistical information system based on scientific methodology and international standards." Fiscal data compilation broadly follows the methodology of the IMF's *A Manual on Government Finance Statistics (GFSM 1986).*

No explicit user survey is conducted by the MOF. User feedback can be provided through the Questions and Answers section of the MOF website (http://www.minfin.kz/). Users can also provide their comments and suggestions by telephone and e-mail which are published in the MOF's monthly Statistical Bulletin.

Payables and receivables data are not provided to the ASRK to facilitate compilation of government accounts on an accrual basis.

The MOF should consult with the ASRK on supplying information the ASRK can use to produce accrual based institutional sector accounts for general government.

0.4 Other quality management

0.4.1 Processes are in place to focus on quality

Issues of data quality are addressed in the Budget Code and the Law on Official Statistics. Budget execution data are subjected to internal audit and external review by the parliament and the government of the Republic of Kazakhstan.

The Law on Official Statistics requires the statistics compiling agencies, including the MOF, to implement measures to ensure the collection, processing, and dissemination of high quality

statistics. Article 11 of the Law requires that statistical agencies adopt a statistical methodology in accordance with international statistical standards. The Budget Code (Article 3) lists the desired characteristics of quality. Article 140 establishes the auditing authority of the central executive agency. Article 141 defines the functions of the government internal control service. Article 145-2 specifies the structure and reporting procedures of the results of audit activities. After the *Majilis* and the senate of the Republic of Kazakhstan Parliament have reviewed the annual report on the execution of the budget for the fiscal reporting year, it is approved at a joint session of the houses of the Republic of Kazakhstan Parliament. At the time of approval of the annual report, the parliament has the right to issue a decision requiring the Republic of Kazakhstan government and central government authorities to take the relevant measures based on the results of the Republican budget execution. Local governments also submit an annual report on budget execution before the 1st of May of each year for review and approval by the *maslikhat* (local representative body). The report on budget execution is reviewed by the parliament and *maslikhat*, respectively, within about two months and the report is released to the mass media in July or August.

0.4.2   *Processes are in place to monitor the quality of the statistical program*

Quality and timeliness of fiscal data is discussed in the MOF's Methodological Council in the context of developing and approving the work program for GFS.

The time required to produce GFS monthly data has significantly reduced and is now 12 days for the republican (central) government budget and 20 days for the state (central and local) government budgets.

0.4.3   *Processes are in place to deal with quality considerations in planning the statistical program*

Quality and statistical reporting considerations in fiscal data are integral to the Budget Code, which governs the budget formulation, execution, and reporting process.

In 2002, the Report on the Observance of Standards and Codes (ROSC) mission noted that the government had a plan to migrate to the methodology of the *GFSM 2001*. With the coming into force of the Budget Code of the Republic of Kazakhstan as of January 1, 2005, certain provisions of the GFSM were implemented: operations of the current fiscal year related to the recording of budget revenues and payments from the budget begin on January 1 and end on December 31 of the current calendar year, and the structure of the budget has been brought closer into line with the *GFSM 2001*.

## 1.	Assurances of integrity

### *1.1	Professionalism*

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

The legislative provisions under the Budget Code and the Law on Official Statistics, together with adherence to international statistical practices, lay the foundations for the production of fiscal data on an impartial basis.

As outlined in 0.4.1, the Budget Code provisions support the production of quality statistics. The Law on Official Statistics (Article 4) stipulates that the performance of statistics-related activities shall ensure the "integrity, reliability, and sufficiency of statistical indicators." as well as the comprehensiveness and objectivity of analysis. Article 8 states that authorized statistical institutions are "independent in issues related to statistical methodology and methods." GFS are compiled and disseminated on an impartial basis.

There is no specific training to promote a culture of professional independence and impartiality.

### *1.1.2	Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations*

Statistical techniques and dissemination decisions are defined in the legislative provisions under the Budget Code, adoption of international statistical practices, and the principles declared in the Law on Official Statistics.

The Law on Official Statistics addresses issues regarding data sources and statistical techniques, which are selected on the basis of statistical consideration and objectivity (Article 8).

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

The leadership of the MOF is responsible for responding to erroneous information on budget matters.

The MOF press service prepares comments which are handled through press releases.

1.2 Transparency

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

Information about laws and practices governing the collection, compilation, and dissemination of budget data are available on the MOF's website and in the *Statistical Bulletin.*[7] GFS/Special Data Dissemination Standard (SDDS) metadata are posted on the ASRK's website (http://www.stat.kz) and the IMF's Dissemination Standards Bulletin Board (DSBB) (http://dsbb.imf.org).

Methodological commentary does not disclose that treasury ledger accounts are reconciled with bank balances, although such reconciliation is actually done daily.

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

Budget execution data are not released simultaneously to all users.

Monthly republican (central) government budget execution data are made available to the Administration of the President of the Republic of Kazakhstan, the government of the Republic of Kazakhstan, the Audit Committee for the Supervision over the Execution of the Republican Budget, and the Ministry of the Economy and Budget Planning within 12 days. Other users see the data when they are published on the MOF website and the *Statistical Bulletin,* on the first day of the second month following the reporting month.

The mission recommended that users be advised, in the *Statistical Bulletin* and on the MOF website, that certain users have prior access to budget execution data.

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

The information published by the MOF on its website and in the *Statistical Bulletin* is clearly identified.

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[7] Revenue from oil related activities, during 1996–2001, was deposited in an offshore account. The account was closed in 2001 and the balance of $210 million transferred to the budget. The existence of the offshore account was noted by the 2002 ROSC mission. The then Prime Minister informed Parliament in early April 2002 of the creation of this account, which received US$1 billion from the sale of government interest in the oil sector.

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

Major changes affecting the production of budget data are publicized during the budget formulation process, and in the budget documents. However, there is no formal advance notification process that advises all users.

Major changes in the methodology are provided with the data in the monthly *Statistical Bulletin* and on the MOF website, after the fact. Occasionally, advance notices regarding changes in methodology are disseminated on the MOF website as parts of the regulatory legal acts and news releases. Changes that cause breaks in the time series are clearly identified, and users are given guidance on the significance of the changes. These explanations and guidance are made through footnotes or detailed notes in the publication. Notes on summary methodology are published in all issues of the MOF *Statistical Bulletin.*

The mission recommended that users be provided with advance notification of major changes in methodology, source data, and statistical techniques.

1.3   Ethical standards

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

Staff of the MOF is informed of the codes of ethics for civil servants, which prescribe the behavior standards for performance of official duties. The emphasis is on the behavior of managers in their leadership roles.

The norms and rules for civil servant behavior are contained in the Law of the Republic of Kazakhstan No. 453 of July 23, 1999, which was most recently amended on July 8, 2005, and in the Code of Honor of Civil Servants approved by the Presidential Decree No. 1567 of May 3, 2005.

2.   Methodological soundness

2.1   Concepts and definitions

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

The methodology for compiling fiscal data is broadly consistent with the analytical framework set out in the IMF's *GFSM 1986.*

With the introduction of the Budget Code, in the 2005 budget, the republican and provincial government budgets adopted a unified legal framework and classification system. The revised budget classification adopted much of the structure and detail of the *GFSM 1986* framework. The calculation of the deficit/surplus in the summary statement on budget execution now takes into account operations in financial assets—above-the-line. Receipts from privatization are included under operations in financial assets. The use of the complementary period was discontinued.

The government has joined the Extractive Industries Transparency Initiative (EITI) and audited accounts under the EITI will be published next year. Currently, receipts of the NFRK separately identify the following revenue items derived from oil, gas, and mineral extraction:

- Corporate income tax

- Tax on excess profits

- Bonuses (receipts from exploration licenses and one-time payments of 0.01 percent of the value of proven reserves)

- Royalties

- Revenue from production sharing agreements

- Rent tax on export of raw oil and gas

Pollution payments by oil and gas producers are shown in budget revenue as nontax receipts of the Republic of Kazakhstan Ministry of Environmental Protection. The cross-classification of the departmental (functional) classification for the mining, fuel, and energy category and the economic classification could provide information on subsidies, grants, and acquisition of fixed and financial assets. This information is not disseminated. Changes in oil reserves are not reflected in central and general government operations.

The *GFSM 2001* recommends that transactions in financial assets and net lending should be included under financing—below-the-line.

2.2   Scope

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

2.2.1.1 Scope of the data

General government operations

Institutional coverage of reported data comprises the units of the state budget, which is the consolidation of the republican (central) and local budgets. Institutional sectors are defined in accordance with the *1993 SNA*.

The state budgetary system comprises the republican (central) government and local government bodies including: 17 ministries, 20 central agencies and their subordinate institutions (covering around 3,000 institutions); 14 oblasts (provinces) plus the city of Almaty which has a republican status and the capital city of Astana; oblasts are divided into *rayons* (districts)—of which there are 159 rural rayons and 37 towns with oblast status—and there are approximately 13,000 government institutions.

The NFRK is an extrabudgetary fund of the republican (central) government and is conceptually part of general government. However, it is not consolidated in the coverage of state and republican budget reporting.

Central government operations

The republican budgetary system comprises the operations of the 17 central government ministries and the 20 central agencies and authorities (covering around 3,000 spending units).

The NFRK was established in 2000[8] and is fully owned and controlled by the government. It has been operating as a saving and stabilization fund since May 18, 2001.[9] The revenue and expense of the fund is reported monthly on the MOF website (http://www.minfin.kz) and in the *Statistical Bulletin*. In accordance with the Mid-Term Concept of the Generation and Use of the National Fund of the Republic of Kazakhstan and the new provisions of the Budget Code of the Republic of Kazakhstan (Law of the Republic of Kazakhstan No. 165 of July 5, 2006), the sources of the NFRK are:

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[8] Initially created from the sale of a 5 percent government share in the Tengizchevroil and related bonus. "Law on the National Fund of the Republic of Kazakhstan," Decree of the President No. 402 of August 23, 2000.

[9] The administration of the NFRK is described in Chapter 4 of the Budget Code No. 548 of April 24, 2004 (amended July 5, 2006).

- direct taxes of oil sector enterprises (with the exception of taxes applied to local budgets):

    - corporate income tax, and tax on excess profits;
    - royalty, bonuses and revenue from production sharing agreements;
    - rent tax on exported crude oil and gas condensate;

- proceeds from privatization of government property held as republican property in the mining and processing sectors;

- revenue from the sale of agricultural lands; and

- other receipts and income not prohibited by legislation of the Republic of Kazakhstan.

The changes and amendments, enforced by the Law of the Republic of Kazakhstan, On the 2006 Republican Budget (No. 159-III of July 5, 2006) and the Resolution of Government of the Republic of Kazakhstan, On the Implementation of the Law of the Republic of Kazakhstan On the 2006 Republican Budget (No. 656 of July 11, 2006), introduced a list of 55 oil sector enterprises engaged in the production and/or sales of crude oil and gas condensate which pay direct taxes (excluding taxes paid into local budgets) to the NFRK. The same provisions defined 2006 budget allocations to the NFRK and the size of the guaranteed transfer from the NFRK to finance budgetary development programs aimed at the implementation of investment projects.

Data on the generation and use of the NFRK's assets are posted monthly on the MOF website (http//:www.minfin.kz). By April 1, following the reference year, the government of the Republic of Kazakhstan together with the National Bank of the Republic of Kazakhstan (NBRK) compile an annual report on the generation and use of assets of the NFRK, including the audit report on the NFRK. The annual report on the generation and use of the NFRK's assets is submitted by the government of the Republic of Kazakhstan and the NBRK to the President of the Republic of Kazakhstan before the 1st of May of each year. Information on the annual report is published in the mass media, including the MOF website, within 10 days after the President of the Republic of Kazakhstan signs the annual report on the generation and use of the NFRK's assets.

The annual balance sheet available on the MOF website shows:

Assets:
- Cash and equivalents
- Financial assets, at fair value
- Derivatives
- Debtors

Liabilities
- Derivatives
- Creditors
- Unspecified item

Net worth included in the accounts of the government

Revenues and other receipts derived from the oil and gas sector are included in the revenues of the NFRK, which is reported on separately and included in the report on the execution of the consolidated budget, which also includes the operations of the central and local governments netted out of their mutual commitments. The NFRK is a saving and stabilization fund and its resources are used in the budget only as guaranteed transfers to finance budgetary development programs. Exploitable oil reserves are not included in government assets. The government does not compile a balance sheet.

The government has no direct participation in oil and gas activities.

Budget subsidies are provided to the agriculture sector and are included in budget outlays.

Exceptions to coverage

The data on general and central government operations do not include data on operations of the NFRK.

The mission recommended that the operations of the NFRK be included in the coverage of consolidated central and general government with their mutual commitments netted out.

2.3   *Classification/sectorization*

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

The budget classification is broadly consistent with the classification principles of the *GFSM 1986*. Under Chapter 5 of the Budget Code, a uniform budget classification is specified for the recording of the budget receipts and expenditure for all levels of government.

General government operations

The uniform budget classification comprises:

- Receipts: tax revenue; nontax revenue; sale of nonfinancial assets; transfers received; receipts from repayment budget lending; receipts from sale of financial assets; government loans.

- Expenditures by economic type: expenses; budget lending; acquisition of financial assets; amortization of borrowing.

- Expenditures by economic type: current expenses; capital expenditure; budget lending; acquisition of financial assets; amortization of government borrowing.

- Expenditures by departmental (functional) classification: by spending unit.

- Financing by sector of creditor: domestic; foreign; by sector.

- Financing by debt instrument: domestic; foreign; by debt instrument.

The calculation of budget deficit/surplus differs from the *GFSM 1986* standard because net acquisition of financial assets is excluded from the *GFSM 1986* framework.

Central government operations

Operations of the republican (central) budget, published in the monthly *Statistical Bulletin* and the MOF website, are presented in the same format as those of the state budget, with additional information on outlays classified by economic type.

Central government debt

Debt data are classified on a residence basis at issuance, with certain assumptions. All debt securities, other than Euronotes, are assumed to be domestic debt. For example, bonds purchased by foreigners through government bond dealers are classified as domestic borrowing and debt. The residence basis is not updated to reflect changes in residence status of debtholders resulting from secondary market trading.

The official end-of-period exchange rates for the conversion of foreign debt to national currency are provided by the NBRK.

The government guaranteed debt is considered to be contingent liabilities. Such debt is recorded at face value and includes the balances of all government guaranteed borrowing, regardless of whether the government guarantee was called. There is no assumption of government guaranteed debt by the budget sector when the borrower defaults. The debt continues to be classified as government guaranteed debt and government repayments of both interest and principal are classified as budget outlays. In the event that funds are diverted from the republican budget for guaranteed loans, the guarantor (the Republic of Kazakhstan

government in the person of the MOF) signs a credit agreement with the borrower for the repayment of loan funds to the republican budget following the procedure established by the legislation.

No market related oil and gas activity units are recorded as components of the central or general government.

The mission recommended that when a debtor defaults on government guaranteed debt the debt should be assumed by the guarantor, and shown as government debt. The creditor agreement with the borrower should be recorded as a government financial asset, which will offset the assumed government debt liability in the government's balance sheet. This presentation assists transparency, however it requires the dissemination of government financial balance sheets. Debt data should be compiled on current residence and sector of debtholder basis to reconcile with NBRK monetary and international investment position (IIP) data.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

General and central government operations

External government loans receipts and payments are recorded in the republican and local budgets in tenge, using the exchange rate established by the NBRK as of the date the transaction takes place.

Central government debt

Gross debt is recorded at face value according to the government's payment obligation on debt maturity.

2.4.2 Prices used to value flows and stocks reflect actual or expected cash payments . (GFSM 1986 guidelines)

General and central government operations

Data are based on actual accounting entries of the budgetary units and are recorded on a cash basis. Expenditures are recorded at the moment when the Single Treasury Account is debited, and revenues are recorded when the Single Treasury Account is credited.

Receipts and payments related to government external loans are recorded on the basis of monthly reports on the receipt and disbursement of funds from government external loans. The time of recording approximates as much as possible the time of payment based on the cash basis. The data on borrowing are recorded on the date of withdrawal of funds from the creditors' accounts. The data on the settlement and servicing of debt are recorded on the date of crediting the funds to the creditor's account.

The double entry general ledger system is used to automatically track bank account balances against receipts and payments. The NBRK provides daily cash balance reports and monthly reports on the Single Treasury Account.

Currently, the authorities have no program for transition to the methodology of the *GFSM 2001*. The Ministry of Economy and Budget Planning; Department of Methodology, Budget Processes, and Analysis is responsible for the development of budget methodologies and systems.

The mission recommended that the authorities resume the transition to the methodology of the *GFSM 2001*. Given the ready availability of data on financial assets and liabilities, the first step could be the compilation of government financial balance sheets.

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

Budget transactions are recorded on a gross basis. Revenue and expenditure repayments are considered adjustment transactions and are subtracted from the appropriate category of revenue or expenditure.

Data for the general government sector are a consolidation of the republican and local budget data, excluding the NFRK.

Taxes paid by spending agencies are not excluded from the data on revenue when consolidating data for the state budget. The "consolidated" presentation of general government data on the MOF website and in the *Statistical Bulletin*, covering the republican and local budgets and the operations of the NFRK, does not provide a consolidated total that accords with the consolidation methodology of the *GFSM*.

The consolidated data on general government, which includes the NFRK, should be presented in accordance with the methodology of the *GFSM 2001*.

3. Accuracy and reliability

3.1 Source data

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

General and central government

Source data are based on accounting records of actual transactions, which are kept by the Treasury Committee of the MOF of the Republic of Kazakhstan in its TIIS. The data are sufficiently complete for aggregation and consolidation of republican (central) and state (general) government operations.

The data on investment projects completed out of external government loans correspond to the data of monthly reports on receipt and disbursement of funds of external government loans submitted to the MOF of the Republic of Kazakhstan by the agencies implementing these investment projects. Data on provincial governments operations are reported by financial departments of provinces directly to the RSD and processed on the BPMS.

Central government debt

The data are based on the actual bookkeeping entries of the Treasury Committee. The data are compiled using statements on the accounts of creditors' drawing of funds out of loan resources, confirmations from creditors that they have received payments toward debt service and repayment, and reports of servicing banks (agent banks). Data on the debt of the central government are compiled on a quarterly basis using the computerized Debt Management System.

Transactions data on central and general government oil and gas revenue are obtained from administrative records held by the Treasury Committee and published in the monthly reports on the operations of the NFRK. No data are available on other economic flows and nonfinancial assets (including subsoil assets).

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

Source data for GFS are from the administrative records of the Treasury Committee and allow compilation of budget execution data in accordance with the Budget Code, which approximates the methodology of the *GFSM 1986.*

3.1.3   Source data are timely

The RSD has timely access to data from the Treasury Committee, the financial departments of provincial governments, and other government agencies to satisfy the dissemination requirements under the Budget Code and the SDDS. Most data are obtained electronically in agreed formats, under Budget Code edicts and data sharing agreements.

3.2   Assessment of source data

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

Statistics on budgetary operations are compiled from complete administrative records on the state (general) and republican (central) government transactions and the stock of public debt. Estimation and surveys are not used.

3.3   Statistical techniques

3.3.1   Data compilation employs sound statistical techniques to deal with data sources

Data are compiled on the TIIS, the BPMS, and the Debt Management System which are programmed to process data in accordance with the methodology prescribed by the Budget Code.

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

The complementary period adjustment has been replaced with the provision for construction projects to carry over 10 percent of the project cost funding to the next period. This is an administrative arrangement and does not affect the measures of government operations, which are now strictly on a cash basis. This initiative was introduced for investment projects to mitigate discrepancies in the volume of funds associated with time lags between withdrawal of external loans reported by the accounting system of the Treasury Committee and the actual expenditure disbursement by the ministries responsible for the projects through the projects accounts with commercial banks.

Data on nonbank financing is estimated using methodology recommended by the IMF.

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

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

No validations of intermediate revenue and expenditure budget data are required. The use of double entry recording and daily reconciliation of Treasury Committee and NBRK data validate above-the-line transactions against financing data.

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

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

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

Statistical discrepancies between the deficit/surplus and financing, and between financing and changes in gross debt are investigated. The only cross-sectoral data checks are the daily reconciliations of Treasury Committee budget financing and NBRK government bank accounts. The MOF compiles debt data which is provided to the NBRK, making those series consistent. No cross checks are made with IIP and national accounts data.

3.5 *Revision studies*

3.5.1 *Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)*

No routine revision studies and analyses of revisions are conducted, although reports on budget execution are subject to external audit by the Accounting/Comptroller Committee. Budget execution data are not normally replaced by audited data to allow revision studies.

Hence, data posted on the MOF and SDDS websites and published in the *Statistical Bulletin* are not normally revised. Any errors in past periods are adjusted in the current period. Data for 2003 and 2004 were revised (reclassified) when the new classification system and reporting formats were introduced in the 2005 budget. The complementary period is no longer used and revisions for that reason are no longer necessary.

4. Serviceability

4.1 Periodicity and timeliness

4.1.1 Periodicity follows dissemination standards

General government operations

Data on the execution of the state budget are disseminated monthly.

Central government operations

Data on the execution of the republican (central) budget are disseminated monthly,
Breakdown of domestic financing into bank and nonbank financing is compiled quarterly.
Data on nonbank financing are estimated using methodology recommended by the IMF.

Kazakhstan is availing itself of a flexibility option on the periodicity of the central
government operations financing data.

Central government debt

Debt data for the central and local governments and the NBRK are disseminated quarterly.

4.1.2 Timeliness follows dissemination standards

General government operations

Monthly data on state budget operations are published on the MOF website and in the
Statistical Bulletin by the first or second day of the following month.

Central government operations

Monthly data on republican (central) government operations are also published on the MOF
website and in the *Statistical Bulletin* by the first or second day of the following month. The
breakdown of domestic financing into bank and nonbank financing is compiled quarterly and
provided to the ASRK for publication on the DBBS website, under the SDDS flexibility
option.

Dissemination of GFS exceed the periodicity and timeliness requirements recommended by
the SDDS for central government and general government operations.

Central government debt

Central government debt data are disseminated on the MOF website and in the *Statistical Bulletin* within one month after the reference period. This exceeds the periodicity and timeliness requirements recommended by the SDDS for central government debt.

4.2   Consistency

4.2.1   Statistics are consistent within the dataset

Budget data processing procedures ensure that the monthly data link consistently to annual data. Time series may not be consistent over time due to allocation of adjustments to past periods to the latest period. Earlier series, for 2003 and 2004, were adjusted to account for discontinuities arising from changes to methodology. Major breaks in time series are clearly identified and explanations are provided. Appropriate notes accompany the data table and, if changes are significant. The MOF *Statistical Bulletin* provides a summary methodology that explains methodology changes.

The Treasury Committee maintains a record of all borrowing in foreign currencies and is able to reconcile financing data with changes in debt.

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

Budget data are reconcilable back to and including data for 2003.

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

Fiscal data are not consistent with the monetary and external sector statistics, indicating a need for further validation of the data. Financing and debt data classified by debtholder are not classified with regard to current residency status and differ from monetary and IIP data (see 2.3.1). Under the Resolution of the government of the Republic of Kazakhstan No. 941 of September 8, 2004, government securities sold through authorized dealers are classified as domestic financing and debt.

The mission recommended that the MOF establish a formal reconciliation process with the NBRK to explain the differences among fiscal, monetary, and IIP data.

4.3   Revisions policy and practice

4.3.1   Revisions follow a regular and transparent schedule

Monthly and annual statistics based on budget execution data are normally not revised.

4.3.2   Preliminary and/or revised data are clearly identified

The statistics published in the MOF *Statistical Bulletin* and on its website are not revised.

4.3.3   Studies and analyses of revisions are made public (see also 3.5.1)

No studies or analyses of budget data revisions are undertaken.

The mission recommended that arrears transactions in current period cash data be identified and explained. In addition, published cumulative budget execution data should be replaced by audited annual data.

5.   Accessibility

5.1   Data accessibility

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

Statistics on budgetary government operations are presented in a way that allows major aggregates and balancing items to be identified and related to detailed underlying data. The information presented is suitable for use in budget development and monitoring. Statistics that are provided approximate the detail and coverage set out in the *GFSM 1986* tables. Time series can be obtained from archived issues of the *Statistical Bulletin* available on the MOF website.

General and central government operations

Data are disseminated separately for the republican government, the consolidated provincial governments, and the state government, which is the consolidation of the republican and provincial government budgetary operations. The MOF *Statistical Bulletin* publishes monthly data on the flows of funds of the NFRK, which would allow its consolidation with the budget sector. However, the "consolidated" presentation of general government data on the MOF website and in the *Statistical Bulletin*, covering the republican and local budgets and the

operations of the NFRK, does not provide a consolidated total that accords with the consolidation methodology of the *GFSM.*

Monthly data on the operations of the NFRK are disseminated concurrently with the budget data—as described in 2.2.1. State (general) and republican (central) government budget execution data include:

Revenue
- Corporate income tax
- Personal income tax
- Social tax
- VAT
- Excises
- Nontax revenue
- Sale of fixed assets
- Official transfers

Outlays
- General public services
- Defense
- Public order and safety
- Education
- Health
- Social protection
- Housing and community amenities
- Culture, sport, tourism, and media
- Fuel, energy, and mining
- Environmental protection
- Manufacturing and construction
- Transport and communication
- Other
- Debt servicing
- Official transfers

Operating balance

Net budget lending
- Budget lending
- Repayments

Net operations in financial assets

- Acquisition of financial assets
- Sale of financial assets

Budget deficit/surplus

Budget financing
- Domestic
- Foreign

Central government debt

Quarterly debt data published on the MOF website and in the *Statistical Bulletin* show the following detail:

Government debt (total of the debt of central government, local governments and the NBRK netted out of mutual commitments (consolidated in *GFSM* terminology))

Central government debt
Internal debt
- Government short-term treasury securities
- Government medium-term treasury securities
- Government long-term treasury securities
- Government medium-term indexed treasury securities
- Government long-term indexed treasury securities
- Government long-term savings treasury securities

External debt
- International Bank for Reconstruction and Development
- Asian Development Bank
- EBRD
- Islamic Development Bank
- Saudi Development Fund
- Kuwait Fund
- Abu Dhabi Fund
- Japan Bank for International Cooperation
- German government
- Foreign commercial banks
- Euronotes

NBRK debt
Internal

External

Local government debt
    To central government
    To other creditors

Government guaranteed debt
    Internal
    External

The following data items pertaining to the oil and gas sector are disseminated separately:

- revenues generated from direct taxes, including income taxes and royalty payments; and

- revenue from one-time "bonuses" on granting of exploration licenses and right to proven reserves.

5.1.2 *Dissemination media and formats are adequate*

In the monthly *Statistical Bulletin,* cumulative data are presented for the latest year and the two previous years. Discrete quarterly data are presented for the latest year and the previous year. Cumulative data for the latest month are presented for all categories of revenue and outlays. Detailed cumulative data on financing, classified by creditor and debt instrument, are shown for the latest month with annual data for the two previous years.

Budget execution data published in the monthly *Statistical Bulletin* and the MOF website are presented in the following format:

  I.   Revenue
  II. Outlays
  III. Operating balance
  IV. Net budget lending
  V.   Net acquisition of financial assets
  VI. Budget deficit (surplus)
  VII. Financing

The monthly *Statistical Bulletin* is available in Kazakhstani and Russian by paid subscription through any post office outlet of Kazpochta joint stock company, referring to the current subscription index number 35663 or the annual subscription index number 45663; it may also be purchased at the Shok Department Store, 134 Muratbaeva St., Almaty. The same data are available on the internet at http//:www.minfin.kz.

5.1.3   Statistics are released on a preannounced schedule

No advance release calendar is provided for budget execution and debt data, however users are advised in the *Statistical Bulletin* that the bulletin is published between the 1st and 15th of each month.

An SDDS advance release calendar (in English and Russian), which gives advance notice of the approximate data release dates at the beginning of the year, is posted on the website of the ASRK (http://www.stat.kz).

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

Central government operations

Monthly republican (central) government budget execution data are made available to the Administration of the President of the Republic of Kazakhstan, the government of the Republic of Kazakhstan, the Audit Committee for the Supervision over the Execution of the Republican Budget and the Ministry of the Economy and Budget Planning within 12 days. The data are disseminated to all other users when they are published on the MOF website and the *Statistical Bulletin,* usually on the second day of the following months.

5.1.5   Statistics not routinely disseminated are made available upon request

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

5.2   Metadata accessibility

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

A summary of the methodology, explanatory notes, and concepts and definitions used is published in the monthly *Statistical Bulletin* and on the websites of the ASRK (http://www.stat.kz) and the IMF (http://www.dsbb.imf.org).

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

The government is both the compiler and principal user of budget execution data. The detail of the required data is constantly monitored and amended during the budget formulation process.

5.3   Assistance to users

5.3.1   Contact person for each subject field is publicized

The contact persons for statistics on government operations, and their contact details, are publicized in the MOF *Statistical Bulletin,* and on the MOF and IMF's websites. The MOF provides reasonable timely responses to queries, as required by the Budget Code.

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

The MOF's website provides information regarding statistical publications, budget documents, and government legislation affecting budget matters.

Table 4. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for Government Finance Statistics

(Compiling Agency : Ministry of Finance)

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

Element	Assessment					Comments
	NA	O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Relevance			X			Payables and receivables data are not provided to the ASRK to facilitate compilation of government accounts on an accrual basis.
0.4 Other quality management		X				
1. Assurances of integrity						
1.1 Professionalism		X				
1.2 Transparency			X			Certain officials have unpublicized prior access. Only concurrent notice is given of major changes to methodology, source data, and statistical techniques.
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				The central and general government data exclude the NFRK.
2.2 Scope			X			
2.3 Classification/sectorization			X			Debt is not classified on the residency and sector of the current holder, and defaults on guaranteed debt are not shown as government debt.
2.4 Basis for recording			X			The authorities have no program for transition to the accrual methodology of the *GFSM 2001*. NFRK is not consolidated with central and general government.
3. Accuracy and reliability						
3.1 Source data		X				
3.2 Assessment of source data		X				
3.3 Statistical techniques		X				
3.4 Assessment and validation of source data		X				
3.5 Revision studies				X		Revision studies are not undertaken.
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency				X		Users cannot completely reconcile BOP/IIP statistics with other data sets such as external debt and national accounts statistics. Inconsistencies between monetary and GFS data on bank financing of the government sector remain unresolved.
4.3 Revision policy and practice				X		Reported cumulative budget execution data are not replaced by audited annual data. No studies or analyses of budget data revisions are undertaken.
5. Accessibility						
5.1 Data accessibility			X			An advance release calendar is published for SDDS data, however not for budget execution data. All data are published as final and published statistics are not revised. No analyses of adjustments to cash data are made public.
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

V. MONETARY STATISTICS

0. Prerequisites of quality

0.1 Legal and institutional environment

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

Monetary statistics are compiled in accordance with Article 61 of the Law on the Republic of Kazakhstan National Bank (1995), and Article 54 of the Law on Banks and Banking in the Republic of Kazakhstan stating "Banks shall be required to furnish the National Bank of Kazakhstan upon its request with information concerning the banks' funds, including funds located outside the Republic of Kazakhstan, the amount of deposits accepted, credits extended and banking transactions executed or under way, and with other information." Article 8 of the Law on the Republic of Kazakhstan National Bank requires the National Bank of the Republic of Kazakhstan (NBRK) to draw-up and regularly publish the composite balance sheet of banks of the Republic of Kazakhstan and the NBRK balance sheet. A recent amendment to Article 8 (l-1) in July 2006 further authorizes the NBRK, in coordination with the Agency of Statistics of the Republic of Kazakhstan (ASRK) to develop reporting forms, set deadlines, and collect statistical data on the balance of payments, external debt, and monetary and financial statistics.

0.1.2 Data sharing and coordination among data producing agencies are adequate

Data sharing and coordination among NBRK departments and with other agencies are largely adequate. In particular, the NBRK's Accounting Department and the Agency for Regulation and Supervision of Financial Markets and Financial Organizations (AFS) [10]provide relevant information to the statistics division of the NBRK in accordance with an agreed upon timetable; revisions to the charts of accounts used by the NBRK and commercial banks are coordinated with the NBRK's statistics division, Accounting Department, AFS, and the Association of Financial Officers (AFO) representing the interests of banks and other financial institutions located in Kazakhstan; a working group of staff from the NBRK and the AFO review the banks' reporting burden; statistical reporting forms for banks and other financial institutions are registered with the ASRK with the aim of avoiding duplication of effort; and the sharing of data among different agencies NBRK is established by formal agreement specifying time frames and the data to be provided.

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[10] The NBRK's supervisory functions were delegated to a new agency, the AFS, on December 31, 2003 by a presidential decree.

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

The confidentiality of respondents' data is established in Article 54 of the Law on Banks and Banking in the Republic of Kazakhstan and in Article 13 of the nation's Law on Official Statistics. Article 54 of the Law on Banks and Banking states that "Employees of the NBRK shall be prohibited from disclosing or relaying to third parties information obtained in the course of exercising the rights [of data collection] set forth in point 2 of this Article." Article 13 of the Law on Official Statistics states that "Legal and physical persons are guaranteed that all primary statistical data they provide to state statistical agencies is kept confidential." In addition, Article 383 of the Republic of Kazakhstan Code of Legal Offenses (January 2001) details pecuniary and other fines for the sale, transfer, or other disclosure of individual institutional data to third parties without the prior approval of the institution concerned.

Access to individual institutions' data by NBRK staff is password protected. In addition, the NBRK's policy is not to disclose any aggregate data with less than three data reporters. The NBRK's security division prevents unauthorized access to NBRK information systems and NBRK buildings.

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

As noted, Article 8 of the Law on the Republic of Kazakhstan National Bank empowers the NBRK to establish a schedule of forms and filing deadlines for statistical reports by banks. In addition, Article 70 states that the NBRK "shall have the right to obtain necessary information from any individual or legal entity on the territory of the Republic of Kazakhstan, who holds an account with a bank or an organization engaging in certain kinds of banking operations." Noncompliance with these articles (including misrepresentation of data) results in various fines and sanctions, as prescribed in the Republic of Kazakhstan's Code for Administrative Legal Offenses (Article 381).

The staff of the NBRK's statistics division provide extensive assistance to banks in completing and submitting the report forms(see 3.1.2). Also, the working group of the NBRK and the AFO provides a forum for fostering goodwill with the respondent population and meets when necessary to resolve outstanding issues.

0.2   Resources

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

The NBRK's statistics division is adequately staffed to meet its responsibilities for compiling monetary statistics. The division comprises 14 professional staff, all with university degrees

in economics and compensated within the civil service pay scale. Most of the staff have participated in IMF-sponsored regional training courses on monetary and financial statistics, and have remained in the statistics division since its creation in 1995. Computing resources are adequate and are well utilized in achieving efficient data collection and compilation procedures.

0.2.2 Measures to ensure efficient use of resources are implemented

The staff of the statistics division are organized into separate functions of data collection, data compilation, and data dissemination (including through the NBRK website) in order to facilitate efficient allocation of resources. The statistics division prepares budget submissions annually to the Director of the Department of Research and Statistics.

0.3 Relevance

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

The NBRK consistently aims to adopt international standards in monetary statistics that meet users' needs. Almost all of the staff of the NBRK's statistics division have attended regional IMF training courses in monetary and financial statistics, which helps to keep them abreast of the latest developments in methodology and the uses of monetary statistics. The head of the statistics division participates in international and regional seminars. The emphasis on international standards have led to significant improvements in the relevance and usefulness of data to users, such as in December 2001, when banks' transactions with central government and nonfinancial public enterprises were separately identified.

While formal mechanisms, such as user surveys, are not in place to solicit user feedback, the latter is considered when the NBRK prepares its statistical program. In addition, the NBRK actively conducts consultations with users that facilitate identification of emerging information needs. For instance, the NBRK engages in an active outreach program with users that facilitate the identification of their needs—such as in press conferences, press releases, and television programs that explain the goals, functions, and programs of the NBRK.

0.4 Other quality management

0.4.1 Processes are in place to focus on quality

The ASRK coordinates the work of state bodies involved in producing statistics with the aim of improving the quality of official statistics. Budget and resource requests of the Research and Statistics Department of the NBRK attract strong support from the NBRK Governor,

demonstrating an awareness of the importance of quality in statistics at the highest level of the NBRK. By improving its statistics to meet Special Data Dissemination Standard (SDDS) requirements, management also demonstrates its commitment to producing data of a high quality.

0.4.2 *Processes are in place to monitor the quality of the statistical program*

Regular reviews are undertaken by the staff of the NBRK's Research and Statistics Department to identify any problems during data collection, processing and dissemination. Further, the continuing efforts to enhance user access to statistics on the NBRK's website and improve the contents of the NBRK's *Statistical Bulletin* go some way to demonstrating awareness and monitoring of the quality of the dissemination of statistics. An independent review body to provide guidance on the quality of statistics disseminated by the NBRK does not exist.

The NBRK could set up regular user surveys on monetary statistics itself or have such surveys done through the ASRK, which conducts regular user surveys on national accounts statistics.

0.4.3 *Processes are in place to deal with quality considerations in planning the statistical program*

The NBRK's annual statistical program is formulated in the context of the medium term work program for statistics prepared by the ASRK in consultation with the other data producers, including the NBRK. The medium-term framework helps the NBRK to establish data priorities and to address quality issues in the context of the need for trade-offs between accuracy and timeliness in statistics, given available budgetary resources. The formation of the working group of the NBRK and AFO also indicates an appreciation of the tradeoffs between resource availability and timeliness in the collection of source data for compiling monetary statistics. While the NBRK does not have a formal mechanism for soliciting user feedback, it actively consults with users in outreach programs that facilitates identification of user needs.

1. Integrity

1.1 *Professionalism*

1.1.1 *Statistics are compiled on an impartial basis*

Government officials do not comment on or regulate the release of data by the NBRK. Monetary statistics are made available to all users at the same time. The appointment of the

head of the NBRK's Research and Statistics Department is not subject to governmental approval.

Compilers are hired on a competitive basis and are expected to adhere to civil service standards of professional conduct. Vacancies are publicly advertised.

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

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

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

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

1.2   Transparency

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

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

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

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

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

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

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

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

Users should be given advance notice of major changes in methodology, data sources, and statistical techniques.

1.3 Ethical standards

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

NBRK staff are required to follow the civil service Code of Honor, which specifies ethical and professional standards.

2. Methodological soundness

2.1 Concepts and definitions

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

The analytical framework used by the NBRK in compiling surveys of the NBRK and "second-level banks" reflects concepts and principles that are based on the IMF's *Monetary and Financial Statistics Manual 2000 (MFSM)*.[11] The banking system survey published by the NBRK in its *Statistical Bulletin* is analogous in scope and concept to the depository corporations survey recommended in the *MFSM*. The banking system survey largely provides the full range of instrument and sector detail recommended by the *MFSM*.

The banking system survey is derived by consolidating the accounts of the NBRK and the accounts of the second-level banks. For purposes of transparency, it also includes the assets of the National Fund of the Republic of Kazakhstan (NFRK)[12] that are managed by the NBRK, together with related NBRK liability items to the NFRK. The banking system survey identifies the following key aggregates:

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[11] The second-level banks survey is a local term that is analogous to the other depository corporations survey specified in the *MFSM*.

[12] This Fund is referred to as the National Oil Fund in the NBRK's *Statistical Bulletin*.

- Broad money, M3, which comprises currency in circulation (M0) and domestic and foreign currency denominated deposits of nonbank financial institutions, nonfinancial corporations, regional and local governments, nonprofit institutions serving households, and households. The banking system survey identifies M0 and M3, but two other measures of money, M1 and M2, are also presented in a separate monetary aggregates table in the *Statistical Bulletin*. M1 is defined as M0 plus the transferable deposits of nonbank entities and households in national currency; while M2 equals M1 plus other deposits in national currency and transferable deposits in foreign currency of nonbank entities and households.

- Domestic credit disaggregated by sector, that is: by net claims on central government, claims on local and regional governments (prior to December 2001 data were submitted for general government as a whole), claims on nonbank financial institutions, claims on public and private nonfinancial institutions (prior to December 2001 data were submitted for nonfinancial institutions as a whole), claims on nonprofit institutions serving households, and claims on households. Net claims on central government nets gross claims on central government (broken down by instruments into credits, securities, and other receivables) against gross liabilities to government (broken down by instruments into deposits, securities, credits, and other payables). Claims on the other sectors of the economy are also shown with a detailed breakdown by instruments.

- Net foreign assets of the banking system comprise gross claims on nonresidents in freely convertible currency (with a detailed breakdown by instruments), gross liabilities to nonresidents in freely convertible currency (with a detailed breakdown by instruments), and other net foreign assets in nonconvertible currencies (with a breakdown by gross claims and liabilities).

The monetary aggregates table in the *Statistical Bulletin* presents two different measures of reserve money (monetary base). One is called *Reserve Money* (RM)*,* which includes currency in circulation, transferable deposits and other (interest-bearing) deposits of banks, and transferable deposits of nonbank financial institutions and public and private nonfinancial institutions.

In April, 2006, the NBRK began publishing a new series in the *Statistical Bulletin* called *Narrow Reserve Money* (NRM)*,* which consists of currency in circulation and noninterest-bearing deposits of banks (called correspondent accounts) at the NBRK.

NRM was introduced in order to better track the NBRK's efforts to affect liquidity in the banking system—for instance, when the NBRK attempts to drain liquidity from the banking system by attracting more interest-bearing time deposits from banks (these deposits are part

of reserve money), NRM would fall (indicating that some liquidity has been drained), whereas RM would remain the same.

With the introduction of NRM to supplement the existing series, RM, it would be useful also to provide data for and the definition of required reserves (RR) in the NBRK's *Statistical Bulletin,* in order to better facilitate users' understanding of the relationship between RR, NRM, and RM.

Provide the definition of and data for required reserves (See Section 5.1.1).

2.2   *Scope*

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

No single definition of broad money is prescribed in the *MFSM* in recognition that national definitions of broad money vary across countries.[13] For each country, the national definition of broad money is used in determining the institutional units covered by the depository corporations survey. Thus, in Kazakhstan, all financial institutions issuing liabilities meeting the definition of broad money, M3, are included in the banking system survey.

The banking system survey published in the *Statistical Bulletin* includes coverage of all active financial institutions issuing broad money liabilities, nationally defined. The data are based on the balance sheets of the NBRK and commercial banks (34, as of November, 2006), which cover the accounts of head offices and branches located in Kazakhstan. In the past, banks' claims on and liabilities to foreign-owned entities[14] operating in Kazakhstan were reported as claims on and liabilities to nonresidents in the monetary accounts while the operations of two foreign branches of two domestic banks were treated as resident in nature. This treatment, which follows the legal definition of residency specified in the Law on Foreign Exchange Regulation, is inconsistent with the definition of residency in the *MFSM* and the *Balance of Payments Manual,* fifth edition (*BPM5*).

In June 2004, an additional report form[15] was introduced to collect data that would allow monetary statistics to be compiled in accordance with the concept of residency specified in

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[13] No single definition of the monetary base is prescribed in the *MFSM* for the same reason.

[14] These foreign-owned entities include branches or affiliates of foreign-owned nonbank entities and representative offices of foreign banks operating in Kazakhstan. An exception are the branches of foreign banks operating in Kazakhstan, which were correctly were classified as resident entities.

[15] Attachment 2: Report on separate accounts of operations with branches and representative offices of foreign companies.

the *MFSM* and *BPM5*. As a result, monetary and international investment position (IIP) data from June 2004 now fully incorporate the *MFSM* and *BPM5* concept of residency and are consistent with each other.

The central bank survey covers the consolidated accounts of the NBRK's head office in Almaty, its 16 branches, and two subsidiaries. The NFRK's holdings of foreign assets are not included on the NBRK accounting balance sheet, but for transparency purposes are included in the NBRK survey as a separate line item under NFA, together with a liability counterpart under net domestic assets (NDA).

For the period from December 2003 through December 2005, the accounts of credit partnerships (CPs) were included in the banking system survey. Since January 2006, however, CPs have been excluded from the survey because of a modification in the law on CPs, that redefines CPs as entities outside the supervisory jurisdiction of the AFS. The NBRK continues to have legal jurisdiction to collect statistical reports from CPs but stopped data collection for two main reasons, both tied to the exemption of CPs from AFS supervision: (1) without AFS supervision, the NBRK became concerned with the reliability of data provided by CPs; and (2) without AFS licensing, the NBRK could not keep track of how many new CPs were being created.[16]

The 2004 Annual Report of the AFS states that institutions like CPs may have been over-regulated because CPs "do not have the right to attract deposits from individuals and legal entities…the bankruptcy of a separate non-banking organization [like the CPs] does not affect the systemic risks (page 48)." While it is true that CPs receive funding only from their members, these funds contributed (shares) can be withdrawn. Thus, the shares of CP members may have some of the nature and liquidity characteristics of deposits, while on the asset side, these CPs exist to make loans to their members. Exclusion of CPs from the banking system survey then may underestimate the true amount of money and credit creation in Kazakhstan, if the CPs were to grow rapidly and become large relative to the banking system.[17] Presently, data available for 2005 show that the assets of CPs are only 0.7 percent of total banking system assets.

The balance sheets of banks in liquidation are also not included in the banking system survey. However, since deposits held with these institutions represent less than 0.03 percent of the stock of broad money, their exclusion is not material for the compilation of monetary aggregates at this time.

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[16] Newly created CPs are registered with the Ministry of Justice.

[17] The 2004 AFS Annual Report states that the objective of liberalizing regulation on the non-banking sector is to "stimulate [its] development…(page 48)."

In 2003, the NBRK began to publish the financial sector survey, which expands coverage of the banking system survey to include the operations of mortgage companies (eight as of November 2006) and the Bank of Development. Presently, steps are underway to expand the coverage of the financial sector survey further to include the operations of insurance and reinsurance companies.

Exclusion of CPs from monetary statistics does not appear at this point to be a material issue since they are yet a very small part of the banking system. However, to the extent that their exemption from regulation as financial institutions is meant to spur their growth, they may in the near future become a material part of monetary and credit activities in Kazakhstan. It is therefore useful to resume the collection of data on CPs and their coverage in the banking system survey. To ensure full coverage, it is important to liaise with the Ministry of Justice in order to keep track of the number of new CPs being created.

2.3   Classification/sectorization

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

The information in banks' balance sheets on counterparty sector permits claims on and liabilities to the resident (domestic) units of the economy to be grouped into mutually exclusive sectors largely in accordance with the *MFSM* as follows: (i) central bank (NBRK), (ii) banks (second-level banks), (iii) nonbank financial institutions, (iv) public nonfinancial institutions, (v) private nonfinancial institutions, (vi) central government, (vii) regional and local government, (viii) households, and (ix) nonprofit institutions serving households. An exception is that in the NBRK survey, NBRK "notes held by banks" include some NBRK notes held by institutional units other than banks. Fully sectorized data on these notes are collected but not disseminated because their timeliness does not meet publication requirements.

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

The NBRK views the NFRK as not being a legal entity in its own right and thus need not be sectorized. However, the accounts of the NFRK, like all other financial accounts in the

economy, have to belong to some economic sector. Under international standards, if the NFRK should be classified as an extrabudgetary unit of the central government sector in government finance statistics (GFS), then the deposit liabilities of the NBRK to the NFRK should correspondingly be classified in monetary statistics as belonging to the central government sector. The NBRK stands ready to classify the liabilities of the NBRK to NFRK as liabilities to the central government sector, if it is determined in GFS that the NFRK should be treated as an extrabudgetary fund of the central government.

The information in banks' balance sheets also enables the classification of financial instruments largely in line with *MFSM* guidelines. One minor exception is that information on insurance technical reserves are not separately identified. Such items are not however currently relevant for banking institutions in Kazakhstan because they do not provide insurance services. Financial derivatives with nonresidents are separately identified in the banking system survey. A recent improvement is that financial derivatives, with resident units, like other financial instruments, are now fully sectorized.

Securities repurchase and reverse repurchase agreements are recorded as separate items on the reported balance sheet. Repurchase and reverse repurchase agreements with resident institutions are classified as credit liabilities and credit assets, respectively, in the NBRK and second-level banks survey, in line with international guidelines. At the level of the banking system survey, repurchase and reverse repurchase agreements are classified as part of other liabilities and loans, respectively. Repurchase and reverse repurchase agreements with nonresidents are classified as foreign liabilities and foreign assets, respectively, in accordance with international guidelines. Gold swaps are treated as collateralized loans in line with international guidelines.

Classify the liabilities of the NBRK to NFRK as belonging to the central government sector, in line with the recommended treatment of NFRK in GFS.

2.4 *Basis for recording*

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

The NBRK revalues its holdings of securities at market prices on a monthly basis in accordance with international statistical guidelines. The general guidance notes to the commercial banks' chart of accounts require holdings of securities to be valued at market prices, except for securities that are intended to be held to maturity or held for investment purposes. These securities are valued at their amortized cost/purchase price, except in the case of the issuing institutions having negative equity. Financial derivatives are valued at market prices.

Foreign currency-denominated securities are revalued according to quotations (prices) set at the close of trading on external financial markets on the next-to-last business day of the calendar month or the day preceding the day the securities are sold. With automation, the revaluation of foreign currency-denominated securities can be performed on a daily basis; in practice, however, the NBRK undertakes the revaluation on a monthly basis. Both the NBRK and banks translate foreign currency-denominated assets and liabilities to the national currency on a daily basis using the weighted average market exchange rate for the tenge.

Equities are valued on the basis of prices at the close of trading on the domestic stock exchange on the last business day of the calendar month or the day on which the given securities are sold. Monetary gold held by the NBRK is revalued daily using the morning fixing on the London Bullion Metal Auction (LBMA) and the average weighted market tenge/U.S. dollar exchange rate.

In line with the *MFSM*, loans in the NBRK survey and second-level banks survey are valued at current book value—the outstanding principal amount at its original cost plus any accrued interest[18]—without adjustment for expected loan losses or provisions arising from anticipated defaults by borrowers.

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

Under international standards, securities held for investments should also be valued at market prices in monetary statistics.

Revalue securities held for investment purposes at market prices, not historic or amortized costs.

2.4.2   *Recording is done on an accrual basis*

The *MFSM* specifies the use of accrual accounting so that interest due but not paid on financial instruments is incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable. In line with this, accrued interest is incorporated into the underlying financial instrument in Kazakhstan's monetary accounts, except that—in line with best practice—accrued interest on loans and other assets more than 30 days overdue is not incorporated into the underlying instrument in the creditor's balance sheet. Arrears for payments or other charges associated with off-

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[18] Including interest and principal arrears on loans up to 30 days past due.

balance sheet accounts are not included in the balance sheet. Transactions in financial instruments are recorded at the time of the transaction, not at the time of receipt and payment of funds.

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

Monetary statistics, in general, are presented on a gross basis—claims on a transactor or group of transactors are not netted against the liabilities of that transactor group, in line with international standards.

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

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

3. Accuracy and reliability

3.1 Source data

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

The accounting records of the NBRK and commercial banks are maintained in accordance with separate plans of accounts. The NBRK's Accounting Department and Monetary Operations Department provide a complete set of detailed accounting balances to the NBRK's statistics division together with supplementary information on the assets of the NFRK for use in compiling the NBRK survey. The commercial banks report balance sheet accounts on the report form 700N at a seven-digit level, the last three digits relating to the residency of the counterparty, sector of counterparty, and the currency denomination of the account. No sampling or estimation is applied.

The NBRK's statistics division maintains close contact with the AFS and its Monetary Operations Department as part of efforts to monitor developments in the financial sector with a view to identifying new financial instruments and institutions that have implications for the monetary statistics source data.

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

The source data, compiled in accordance with the charts of accounts for the NBRK and
commercial banks and associated guidance notes, are largely consistent with the definitions,
scope, valuation, and timing of recording required. In reporting the sectoral holder of
securities issued, banks are instructed to use the sector of the original purchaser of the
securities when it is not possible to identify the sector of the current holder.

The staff of the NBRK's statistics division make efforts to ensure accurate classification of
accounts on the commercial banks' report forms used in compiling monetary statistics. The
staff of the statistics division review, on a bank-by-bank basis, the classification of individual
transactor accounts onto the reported balance sheets used in compiling monetary statistics.
Banks are also invited to seek guidance on the classification of accounts from the NBRK by
telephone, and when particularly difficult classification issues arise, the staff of the NBRK's
statistics division consult with the bank's customer to determine the appropriate economic
sector classification of the enterprise. Guidance notes on the sector classification of
institutional units are distributed to the banks.

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

3.1.3   Source data are timely

The filing deadlines for the balance sheets of active banks are sufficient to allow for the
compilation of monetary statistics in a timely manner. The balance sheet reports of the
commercial banks are filed with the AFS within five working days after the reference month.
After checking and validation, the balance sheet reports are made available to the NBRK's
statistics division within 11 working days after the reference month. The accounts of the
NBRK are made available to the NBRK's statistics division on the first working day after the
reference month. The compilation of the NBRK survey and the second-level banks survey is
usually completed the day after the accounts of the NBRK and the second-level banks are
made available to the statistics division. Final end-December data for the NBRK and the
commercial banks are usually delayed because of end-year auditing obligations. Preliminary
end-December data are used in compiling the NBRK and second-level banks survey until the
final end-December data are available. Banks in the process of liquidation file balance sheet
reports on a quarterly basis to the AFS.

3.2   Assessment of source data

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

The AFS undertakes the initial validation of the banks' reported balance sheet accounts. The NBRK's statistics division undertakes additional intertemporal consistency checks on the aggregated bank balance sheet data. In addition, automated cross-checking on a bank-by-bank basis of the reported balance sheet data against other data sources is done using the NBRK's Statistics Automated Information system ('Statistics' AIS). The staff of the statistics division have on-line access to the individual bank returns and are in contact with the AFS in case of queries on the validity of reported data. The staff also have on-line access to the detailed accounts of the NBRK, and the reported balance sheet accounts of the NBRK are similarly checked for intertemporal consistency.

The staff of the NBRK's statistics division have an understanding of the charts of accounts and the underlying accounting and classification guidelines used by the NBRK and banks. Any proposed changes to the accounting and classification guidelines are coordinated with the statistics division for conformity with international statistical standards of classification, sectorization, and valuation. This ensures differences between commercial accounting rules and international statistical standards are taken into account in compiling macroeconomic statistics.

3.3   Statistical techniques

3.3.1   Data compilation employs sound statistical techniques to deal with data sources

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

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

Separate data on accrued interest on the NBRK's claims and liabilities is further sectorized by staff of the statistics division using supplementary information provided by the NBRK's

Accounting Department. In addition, the treatment of the assets of the NFRK in the NBRK survey includes making counterpart liability entries to maintain the integrity of the balance sheet framework.

The statistical procedures for treatment of NFRK assets and liabilities are sound.

3.4 Assessment and validation of intermediate data and statistical outputs

3.4.1 Main intermediate data are validated against other information where applicable

Reported balance sheet data, which are entered into the NBRK's AIS, are subjected to automated cross-checks against supplementary information reported on credits and deposits. The AIS then automatically produces an error report highlighting any inconsistencies among the data reported by the banks.

3.4.2 Statistical discrepancies in intermediate data are assessed and investigated

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

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

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

3.5 Revision studies

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

Any misclassifications of accounts identified in the reports submitted by banks five days or more after the reporting period are corrected in the report for the next reporting period. Statistics division staff provide explanations to banks regarding the proper classification of accounts. In the event of material revisions, misclassifications are examined carefully to ensure the proper classification of accounts.

4.   Serviceability

4.1   *Periodicity and timeliness*

4.1.1   *Periodicity follows dissemination standards*

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

4.1.2   *Timeliness follows dissemination standards*

The banking system survey, broad money, credit aggregates, and net foreign assets are disseminated on the NBRK's website 25 days after the end of the reference month, and central bank aggregates, one week after the reference month, both fully meeting SDDS requirements. The same data are published in the NBRK's monthly *Statistical Bulletin* approximately five–six weeks after the end of the reference month.

4.2   *Consistency*

4.2.1   *Statistics are consistent within the dataset*

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

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

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

Monetary statistics compiled from the current chart of accounts are available from 1997 onwards. Brief footnotes to the published data describe some of the methodological changes (for example the delineation of central government accounts from accounts of other levels of government), but breaks in series arising from changes in the number of reporting banks or other reasons (aside from changes in methodology) are not routinely identified.

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

Kazakhstan's monetary statistics and IIP data are fully consistent (see Section 2.2.1). However, differences continue to exist between the changes in net credit to central government in the monetary statistics and bank financing of the central government in the fiscal accounts.

The NBRK's statistics division provides financial sector statistics to the ASRK for the development of flow of funds and the financial account of Kazakhstan. Flow of funds and the financial account of Kazakhstan are not published to date. The data for commercial banks are provided for stocks only.

No explanation of the discrepancy in data on banks' financing of the central government from monetary and GFS is disseminated.

Discrepancies between monetary and GFS data should be reconciled in consultation with the compilers in the MOF and the reconciliation disseminated.

4.3   Revision policy and practice

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

Revisions are made whenever inconsistencies with IIP statistics suggest a problem on the monetary side. Although monetary revisions do not formally follow a regular schedule, they implicitly follow the quarterly cycle used by the BOP/IIP division. The BOP/IIP division revises its data regularly on a quarterly basis, checks them for consistency with monetary statistics, and alerts the monetary division of any inconsistencies—which are then jointly resolved. Revisions to monetary statistics are also made whenever there are changes in the compilation methodology.

An area where revisions are not made has to do with the notes issued by the NBRK. These notes are treated in the NBRK survey as being held fully by banks even though some are held by other institutional units (see Section 2.3.1). Banks do not submit revised historical data in case of misclassification of accounts identified in the current period.

The data on NBRK "notes held by banks" should be revised when fully sectorized data on the notes become available. Alternatively, total NBRK notes can first be shown as a separate item on the liability side of the NBRK survey and the data on holdings by sector provided as components when they become available.

4.3.2   Preliminary and/or revised data are clearly identified

Monetary statistics published by the NBRK are considered final except for end-December data which are initially based on the preliminary accounts of NBRK and commercial banks. Both preliminary and final end-December data are identified as such.

4.3.3   Studies and analyses of revisions are made public

Studies and analyses of revisions are not made public.

5.   Accessibility

5.1   Data accessibility

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

Kazakhstan's monetary statistics are presented in a generally clear manner in the NBRK's *Statistical Bulletin* using tables. No commentary is provided in the English version of the *Bulletin,* but methodological notes and descriptions of certain indicators are provided in the Russian and Kazakh versions. Commentary and analysis of trends in data series are provided in the NBRK's *Economic Review.*

With the publication of a new data series like NRM to supplement the existing data series, RM, it would be useful to include an accompanying definition and data for RR, in order to allow users to better understand the relationship between RR, NRM, and RM (see Section 2.1.1). In addition, inclusion of the same methodological information in the English version as in the Russian and Kazakh versions of the *Statistical Bulletin* would be helpful to international users.

5.1.2   Dissemination media and formats are adequate

Key monetary and credit aggregates are made available in press releases and/or the NBRK's website. More detailed data are provided in the NBRK's *Statistical Bulletin* together with recent historical data; longer time series data are made available upon request. In recent years, the NBRK's website has been greatly enhanced with the posting of many NBRK publications, more data series, in greater detail and timeliness, and metadata. Visitors to the website have been numerous and continued to increase, and excellent feedback has been obtained from users on both the scope and coverage of the statistics available on the site.

5.1.3   Statistics are released on a preannounced schedule

The NBRK disseminates an advance release calendar (ARC) for monetary statistics on its website. The ARC gives one-quarter-ahead notice of precise release dates.

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

Monetary statistics are posted on the NBRK website and available to all users at the same time.

5.1.5   Statistics not routinely disseminated are made available upon request

Users are provided with additional data upon request.

5.2   Metadata accessibility

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

Kazakhstan's SDDS metadata describes the broad scope, main concepts, and definitions used in compiling the banking system and related surveys. The metadata are updated quarterly via the ASRK. Methodological notes are also provided in Kazakh and Russian on the NBRK's website. Key differences from international standards are highlighted in the SDDS metadata. The NBRK website provides a hyperlink to the SDDS metadata.

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

The NBRK's paper publications, website, and SDDS metadata provide alternative levels of detail on the methodology employed in compiling Kazakhstan's monetary statistics.

5.3   Assistance to users

5.3.1   Contact person for each subject field is publicized

Contact information on monetary statistics is available in the SDDS webpage. The NBRK's *Statistical Bulletin* provides a telephone number for the contact person in monetary statistics.

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

The NBRK does not disseminate a catalog of publications but a list of NBRK publications and charges is available from the publishers of NBRK documents. In addition, major NBRK publications are available on the NBRK website for downloading free of any charges.

Table 5. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for Monetary Statistics

(Compiling Agency: National Bank of the Republic of Kazakhstan)

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

Element	NA	O	LO	LNO	NO	Comments
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Relevance		X				
0.4 Other quality management		X				
1. Assurances of integrity						
1.1 Professionalism		X				
1.2 Transparency			X			No advance notice of major changes in methodology, data sources, and statistical techniques.
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization			X			NBRK deposit liabilities to NFRK not identified as belonging to the government sector.
2.4 Basis for recording			X			Securities held for investment purposes not market valued.
3. Accuracy and reliability						
3.1 Source data		X				
3.2 Assessment of source data		X				
3.3 Statistical techniques		X				
3.4 Assessment and validation of source data		X				
3.5 Assessment and validation of intermediate data and statistical outputs		X				
3.6 Revision studies		X				
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency			X			Inconsistencies with GFS data on bank financing of the government sector.
4.3 Revision policy and practice			X			Revisions policy and practice not made public; data on NBRK notes held by banks not revised.
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

VI. BALANCE OF PAYMENTS STATISTICS

0. Prerequisites of quality

0.1 Legal and institutional environment

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

According to the Law "On the National Bank of the Republic of Kazakhstan" (No. 2155 of March 30, 1995), the functions of the National Bank of the Republic of Kazakhstan (NBRK) include collection of statistical reports on the balance of payments (BOP) and external debt (Article 8, item "1-1") and compiling the BOP, the international investment position (IIP), and the gross external debt statistics (Article 8, item "r"). In addition, according to the Republic of Kazakhstan Government Resolution No. 71 of January 29, 1999 on "Development of the Balance of Payments of the Republic of Kazakhstan," the NBRK is the official body responsible for developing and disseminating BOP statistics.

A list, formats, and timeframes for provision of statistical reporting on the balance of payments and external debt are established by the NBRK in coordination with the Agency of Statistics of the Republic of Kazakhstan (ASRK) Article 3 of the Law "On the State Statistics" (No. 98 of May [ ], 1997) states that all statistical requirements included in the Statistical Work Program are obligatory for all legal entities and individuals. Therefore, statistical reports on the BOP, the IIP and the external debt are included in the annual Statistical Work Program approved by the government of the Republic of Kazakhstan. The annual statistical program also defines the terms, the periodicity, and the modes of dissemination of all statistics related to the external sector.

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

For the purpose of compiling the BOP and the IIP of the Republic of Kazakhstan, the NBRK can collect information directly from any public agency involved in the collection of data.

With respect to trade data, according to Article 41 of the Custom Code (No. 401 of April 5, 2005), the Custom Supervision Committee (CSC) is responsible for compiling and disseminating official foreign trade statistics, including the preparation of customs statistics for the needs of public authorities and international organizations. Therefore, the CSC submits to the NBRK, on a monthly basis, foreign trade statistics based on customs declarations, with a breakdown by countries and categories of goods, and quarterly data on exports and imports with a separate breakdown for the CIS region.

All other BOP data, including reports of banks, financial and nonfinancial organizations, and also information on external debt transactions obtained from the State Debt Department of the Ministry of Finance (MOF), are collected directly by the NBRK.

According to the Law on Official Statistics, statistical activity is coordinated at the national level by the ASRK. All statistical report forms, including those related to the BOP, become effective only after their approval by the ASRK and their inclusion on the government-approved list of statistical report forms (the Statistical Work Program). In this way, centralization of statistical activity imparts unity to the methodological approaches and keeps respondents from having to submit duplicate reports.

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

According to the Law on Official Statistics, "individuals and legal entities shall be guaranteed confidentiality of statistical source data and access to the statistical work plan. Statistical source data may be disseminated only with the consent of the individuals and legal entities supplying the information, or anonymously" (Article 13).

Liability for an official's disclosure of statistics containing commercial secrets is provided for in the Code of Administrative Violations (effective January 30, 2001). According to Article 383 of the Code, "sale, transfer to anyone, or other disclosure of statistics that are commercial secrets by an official without the consent of their lawful possessor shall incur a fine."

In addition, the action of the Law on Banks and Banking in the Republic of Kazakhstan extends to statistical reports of banks insofar as it concerns disclosure of information classified as bank secrets (Articles 50 and 54 of the Law). National Bank employees are prohibited from disclosing or transferring to third parties any information obtained while exercising their responsibilities.

The standard form approved by the ASRK for general government and other compiling agencies requires inclusion of the statement "Confidentiality is Guaranteed by the Information Recipient." To ensure confidentiality of statistical source data, the name and address of the accounting unit are stated on a detachable part of the form's title page, which is removed after the statistical form is received and it has been verified that the OKPO (General Nomenclature of Enterprises and Organizations) code has been filled in correctly on its title page.

Work within the NBRK Balance of Payments Division is organized to receive data from individual respondents and process it within the framework of the Statistics Computerized Integrated Subsystem and the Collection and Processing of Balance of Payments Data

Subsystem. Aggregation is accomplished within the subsystems by creating separate consolidated files in Excel format having no link to the source data. Access to the subsystems is authorized and protected by passwords, and access rights are determined in accordance with the list of reports and the job descriptions of specialists.

Access to data on individual respondents is restricted to staff requiring the information in the performance of their duties. Staff are personally liable for disclosure of information. Also, the NBRK has internal procedures for processing and storing statistical data which prevent disclosure of information on individual respondents and unauthorized access to these data.

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

According to Article 61 of the Law on the Republic of Kazakhstan National Bank, the NBRK has the right to obtain the statistical reports and, in case of need, other additional information from general government agencies, financial and other organizations, and their associations (unions).

The rights of the NBRK as a state body managing statistical activities to obtain statistical information at a specified time, and without compensation, are also stipulated in the Law on Official Statistics.

The Code of Administrative Violations makes respondents liable for failing to observe reporting requirements. In accordance with Article 381, refusal or failure to submit data specified for government statistical reporting and observations to the appropriate statistical authorities, as well as deliberate submission of inaccurate data, shall incur administrative penalties and fines.

The dates for submission of BOP reports are set with consideration for the dates respondents file financial reports (see also indicator 3.1.3).

All BOP report forms contain detailed instructions on completing the form. When an organization is put on the respondents list for the first time, the cover letter of the report form sent to this organization states, besides the name and address of the body to which these forms are to be submitted, information on the person to be contacted should problems arise in completing the report.

0.2 Resources

0.2.1 Staff, facilities, computing resources, and financing are commensurate with statistical programs

The NBRK's Balance of Payments and Currency Regulation Department, which is in charge of the compilation of the BOP and other external sector statistics, is adequately staffed to meet its responsibility. This work is assigned to two divisions in this department which comprise 25 professional staff, all with advanced degrees in economics and related subjects. Most of the staff of these two divisions have participated in IMF-sponsored regional training courses on BOP and external debt statistics, and macroeconomic analysis.

In addition, about 60 employees in the 16 regional branches of the NBRK are involved in the collection of statistical information for BOP purposes.

Computing resources are adequate and well utilized to carry out data collection and compilation procedures. The equipment utilized by the NBRK (in headquarters and regional branches) is periodically upgraded.

Primary statistical data are entered for banks—directly by bank staff responsible for reporting to the NBRK using the Statistics Subsystem—and for enterprises—by NBRK regional branches using the BOP Data Collection and Processing System.

Information from the banks and regions goes to the NBRK server through electronic networks and is available to the relevant division through the appropriate electronic subsystem.

So far, the allocation of budgetary resources has matched the needs for preparing the BOP.

0.2.2 Measures to ensure efficient use of resources are implemented.

The efficient use of resources is ensured in three different ways.

At first, there are internal auditing procedures, which are carried out regularly to ensure that the work done in the Balance of Payments Division and International Investment Division of the Balance of Payments and Currency Regulation Department conforms to the requirements: implementation of the budget, utilization of the Subsystem (information technology software), conditions of collection and storage of statistical data, and compliance to the schedules for dissemination of statistical information including the Statistical Work Program and the SDDS requirements.

Secondly, the annual report of the department sent to the management of the NBRK is the occasion to develop a work plan which defines the needs in terms of budget, staffing and others aspects of the activity.

Finally, the department carries out a permanent reflection to assess the costs for compiling the BOP in relation with the related statistical objectives. This cost/benefit approach is more specifically directed at the data collection and processing choices, with the view to reducing the reporting burden for respondents and the processing costs at the NBRK. This could lead in the future to elaborate reporting techniques that would focus on the main respondents (quarterly reporters), and request only simplified forms and annual reporting for minor respondents. In the same vein, one current project of the department is to develop in the future a monthly BOP, in a simplified format, based essentially on information available on a monthly basis: customs data and information provided by the financial sector (banking sector and the Ministry of Finance (MOF)).

0.3   *Relevance*

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

In practice, BOP statistical needs are essentially driven by international requirements and standards. With respect to other official agencies and bodies, coordination of all government and other official needs is ensured by the ASRK which is in charge of the elaboration of the annual Statistical Work Program. However, there is no regular mechanism for consulting general public users of BOP statistics. In practice, private users contact the NBRK directly through the referenced addresses indicated in its website.

The NBRK could consider either surveying users of BOP statistics itself, or contracting this work to the ASRK Coordination Department, which has the capacity to conduct user surveys on the full range of national statistics. Alternatively, the Kazakhstan authorities could consider adding this function to the ASRK, with a commensurate allocation of staff, information technology, and financial resources.

0.4   *Other quality management*

0.4.1   *Processes are in place to focus on quality*

As regards quality, the NBRK's main aim is to comply with international methodology and to produce timely BOP with adequate coverage. Quality processes are ensured in the processing of data primarily through continuous interaction between the headquarters and the regional branches of the NBRK, in charge of the primary treatment of data received from the enterprise.

If inconsistencies, ambiguities, or mistakes are found in statistical forms, staff of the division responsible for compiling BOP statistics directly contact (by telephone or in writing) the organization's representative responsible for completing the form, and provide methodological advice as needed (the standard report forms require statement of the particulars of the person in the organization responsible for completing the forms). Face-to-face meetings are also held on the initiative of respondents seeking advice.

The NBRK constantly checks the relevance of the list of respondents, through the list of enterprises registered with the ASRK (the Statistical Registry). and it is also updated quarterly through information submitted by enterprises and banks about capital movement operations within the currency regulation regimes (registration and notification of operations).

With regard to the banking sector, the NBRK is in close contact with the Association of Financiers to raise issues related to the banks' execution of their reporting obligations.

0.4.2   Processes are in place to monitor the quality of the statistical program

The quality of the annual statistical program is routinely reviewed by the ASRK. The management of the NBRK continuously monitors the quality of BOP data and periodically takes initiatives to bolster quality. Also, one objective of the internal auditing carried out regularly is to check compliance with the statistical program.

0.4.3   Processes are in place to deal with quality considerations in planning the statistical program

At the national level, the ASRK ensures conceptual and methodological coordination between government statistics agencies (see also indicator 0.1.2). Efforts to improve foreign sector statistics (including BOP and external debt statistics) are included in the 2006–2008 Plan to Improve State Statistics.

1.   Assurances of integrity

1.1   Professionalism

1.1.1   Statistics are produced on an impartial basis

The impartiality in the production of the BOP statistics is essentially insured by the provisions of the Law on Statistics, which grants independence to the NBRK with respect to its statistical activities. At no time in the past have revisions been requested by any

government official. Information collected for statistical purposes may not be used by other agencies to achieve other goals.

Compilers are hired on the basis of competitive examination and are expected to adhere to civil service standards of professional conduct. Vacancies are advertised publicly and filled competitively.

1.1.2 Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations

The choice of source data (e.g., direct collection, surveys, or administrative records) and of processing and validation techniques is based solely on statistical considerations and is intended to meet statistical requirements, especially the standards recommended by *Balance of Payments Manual*, fifth edition (*BPM5*).

The choice of data sources is explained to the public in the Special Data Dissemination Standard (SDDS) metadata, press releases, and seminars.

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

Compilers actively follow the financial press. When the media publish erroneous commentaries on BOP statistics, the NBRK follows up with a notice providing the correct interpretation. Monthly news conferences are held for the benefit of the financial press, at which feedback is received and more complete explanations may be provided as necessary. Questions from the public are answered in detail.

1.2 Transparency

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

The NBRK website includes significant links, one of which is via the site of the ASRK to the IMF's Dissemination Standards Bulletin Board (DSBB), which presents the current SDDS metadata on official statistics. The metadata summarize the legal authorities under which BOP statistics are collected, compiled, and disseminated, as well as the significant features of compilation techniques. In addition, a special publication of the NBRK, *Balance of Payments and External Debt of the Republic of Kazakhstan*, publishes quarterly articles accompanying the standard presentation of the data that give more detailed explanations than the metadata on sources, compilation procedures, adjustments, and reasons for revisions.

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

There is no governmental access to statistics prior to dissemination.

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

Data compiled by the NBRK and released to the public are clearly identified by the NBRK's name and logo. The NBRK requests attribution when its statistics are used or reproduced.

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

There is no early announcement of the introduction of a new survey or a new statistical technique, but users of BOP statistics are advised at the time of release of new survey data or statistical technique used in compiling statistics. This has been included in the metadata published by the NBRK.

The NBRK should consider early announcement in changes in methodology, source data and statistical technique surveys. The upcoming changes in methodology resulting from the new revised edition of the *BPM5* could be an opportunity to introduce this practice.

1.3   Ethical standards

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

NBRK staff are required to follow behavioral rules for civil servants, which specify observance of specific ethical and professional standards (the Law of the Republic of Kazakhstan "On Civil Service"), and the Civil Servant Code prescribes basic standards for the behavior of civil servants in their dealings with individuals and juridical persons. (See also indicator 1.1.1.)

The management of the NBRK guards its independence from political influence, and all employees are expected to support the institution's objectivity in data collection, compilation, and analysis.

NBRK staff are made aware, in particular through the Corporate Code, of ethical guidelines and professional standards when joining the institution.

2. Methodological Soundness

2.1 Concepts and definitions

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

In general, the BOP of the Republic of Kazakhstan is compiled in concordance with the *BPM5*. However, the legal definition of residency in Kazakhstan is not in accordance with the concept of residency adopted in the *BPM5* and the *1993 SNA*.

According to the Law on Currency regulation and Currency Control, a local branch of a bank or a nonfinancial enterprise located abroad is considered a nonresident entity. When reviewing branches of foreign companies as residents for BOP purposes, this difference in definitions complicates the classification of the operations performed by them. Currently, BOP compilers in Kazakhstan treat all branches of foreign non financial enterprises as residents except for branches providing drilling construction and services. For consistency of the flows and stock positions of the external sector statistics, banks submit data according to the legal definition, and additional data on the branches of foreign companies. As a result, at this time, the only exception to the residency criterion concerns local branches of foreign construction and drilling companies.

Although they do not have a legal status, the local branches of foreign construction and drilling companies should be considered as resident entities for statistical purpose, and therefore subject to surveys as any other resident entity engaged in foreign transactions. This change in methodology will result in a significant discrepancy in time series, in particular for the current account, and will necessitate to be managed carefully (backward revision of time series, information of users).

2.2 Scope

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

The BOP of Kazakhstan covers in principle all types of transactions between resident and nonresident units, with the exception of local branches of foreign construction and drilling companies noted above. Nonregistered international transactions of individuals are estimated, with the exception of foreign currency in cash held by individuals which is not subject to any evaluation. The geographical coverage includes the territory of the Republic of Kazakhstan.

Exports and imports of petroleum, natural gas, and related products are covered in trade data statistics, using the Commodity Nomenclature for Foreign Economic Activity of CIS

Countries classification system (TN VED CIS), and can be classified under the nine-digit classification of products.

Oil imported for processing and then reexported is not recorded separately from other exports and imports, although the information is available to the Customs administration. Oil imported and exported by pipeline is included in trade statistics.

In principle, oil/gas drilling rigs and production platforms entering/leaving the territory for one year or more should not be included in trade statistics as these imports are deemed to be made by non resident entities (see indicator 2.1.1). However, the NBRK believes that until 2002 these entries were recorded in customs statistics as imports.

Other transactions of the oil and gas sector in the service, income an financial accounts are included in the BOP but are not specifically identified, as the NBRK does not compile a BOP of the oil sector.

2.3   *Classification/sectorization*

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

The classification/sectorization system in Kazakhstan's BOP presentation is in accordance with the *BPM5*. The classification system comprises (i) the current account including the goods, services, income, and current transfers account, (ii) the capital account, and (iii) the financial account including the direct investment, portfolio investment, other investments, and the reserve assets account. Four sectors are clearly identified, namely, the monetary authorities comprising the NBRK and National Fund of the Republic of Kazakhstan (NFRK), the government sector comprising the central government and the local councils, the banks comprising all commercial (second tier) banks, and other sectors comprising nonbank financial institutions, enterprises, and individuals.

Goods: in accordance with *BPM5* recommendations, information about repairs of goods and goods procured in ports by carriers obtained from enterprise surveys are added to customs data. Classification adjustments are made in order to bring imports to a f.o.b. basis.

Services: this account includes transportation of goods and passengers, travel, and other services. The latter includes communications, construction, insurance, all kinds of business services, and government services. The transportation account includes estimation for earnings of resident truck and air carriers, and amounts deducted for nonresident carriers and insurers from imports (c.i.f.).

Income: the main components of compensation of employees, direct investment income, and other investment income are identified separately. In addition, the reinvestment of earnings in the direct investment income account is also identified.

Current transfers: the main components in this account are withholding tax and cash grants received by the government, contributions to international organizations, pensions paid abroad, workers' remittances, and other transfers.

Capital transfers: The main components in this account are migrants' capital transfers. The account also covers amounts received under technical assistance projects and humanitarian aid in the form of capital goods.

Financial account: in conformity with *BPM5* recommendations, the financial account is divided into four components: direct investment, portfolio investment, other investment and reserve assets. For portfolio and other investment, the accounts are further sectorized between the monetary authority (NBRK), general government, banks, and other sectors (enterprises and individuals).

Direct investment: the classification under distinguishes between direct investment abroad and direct investment in Kazakhstan, and transactions are recorded following the directional principal (treatment of reverse investment or cross participation).

Portfolio investment: the classification follows the standard components of the *BPM5* and covers assets and liabilities on equity securities (rule of less than 10 percent ownership), bonds and notes and money-market instruments. As far as the financial derivatives are concerned, starting from 2003, the gross and net payments on the different types of derivatives are recorded under this heading in the financial account as opposed to the previous practice of recording them under portfolio investment within money-market instruments. Portfolio investment assets of the NFRK (the Oil Fund of Kazakhstan) are reflected as held by the monetary authority.

Other investment: this category covers assets and liabilities on trade credits, loans (including the use of Fund credit), currency and deposits, and other accounts receivable and payable.

Reserve assets: the entries reflect changes in gold, in Special Drawing Rights, in the Reserve Position in the IMF, and in foreign exchange holdings (deposits of the NBRK with foreign banks, foreign exchange cash, checks, bills of exchange and securities).

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

In general, transactions are valued at market price, and stocks of assets and liabilities are recorded on the basis of market value. If the market price is not known, a proxy is used.

The BOP is compiled in U.S. dollars. Transactions are converted from other currencies into the unit of account using the exchange rate at the date of the transaction. When the actual date of the transaction is not available, the average exchange rate for the reporting period is used. The data on stocks of assets and liabilities are converted using the exchange rate at the end of the reporting period.

Trade data on petroleum, natural gas, and related products are recorded by customs at market value, on the basis of contract of imports of reexports. Transfer prices on exports of petroleum products are monitored by the MOF and are currently considered as a minor issue. The market value is in principle enforced for oil imported for processing and reexported without change of ownership. However, there is some doubt that market value is applied for the imports without change of ownership of oil/gas drilling rigs and production platforms. The cost of transport by pipeline is separated from the cost of goods.

Transactions in equity capital of direct investment enterprises involved in petroleum, natural gas, and petroleum related are recorded at market value. In general, stocks in equity are recorded at book value. They are at market value only when the shares are quoted in the stock markets.

2.4.2 Recording is done on an accrual basis

Income on reserve assets of the NBRK and interest income on commercial bank assets and liabilities are recorded on an accrual basis, as are income on government and enterprise loans and bonds. Reinvested earnings are recorded in the period when they are earned. Dividends on direct and portfolio investment are not recorded on an accrual basis but at the time they are paid.

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

The recording of current, capital, and financial account transactions follows the guidelines of the *BPM5*. Current account items, including insurance, are recorded on a gross basis while financial items are recorded on a net basis separately for assets and liabilities.

3.   Accuracy and reliability

3.1   Source data

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

The compilation of the BOP of Kazakhstan is essentially based on two series of data sources. General merchandise data are obtained from customs data, while other transactions are compiled from surveys carried out by the NBRK. Three main surveys are conducted: transactions in services, compensation of employees, other current and capital transfers of enterprises (form 10-PB), investment income and financial transactions of enterprises (form 1-PB), and current and financial transactions of the banking sector (Form 9-PB). In all, 15 different forms are used to conduct surveys. Some additional sources of information, such as external debt data from the MOF, are used by the NBRK to complete the BOP statement.

General merchandise data are obtained from the Custom Supervision Committee (CSC) which compiles customs statistics. Information about *repairs of goods* and *goods procured in ports by carriers* are obtained from surveys of enterprises. Data from the Border Service are used to estimate shuttle trade (see also 3.3.2).

Transportation services: the freight services data are estimated on the basis of foreign trade statistics and yearly surveys conducted by the NBRK and are obtained from reports of transportation companies. Information on passenger and other transportation services is obtained from reports of transportation companies.

Data on *travel* are estimated on the basis of data from the Border Service and special surveys (see 3.3.2).

Information on *insurance, construction, communications and other services* is obtained from reports submitted by enterprises engaged in these categories of transactions, and banks. Information on expenses of Kazakhstan foreign representations is based on data provided by the Ministry of Foreign Affairs. NBRK estimates the expenditures of the foreign representations located in Kazakhstan (see 3.3.2). The Ministry of Economy and Budget Planning provides data on services associated with technical assistance.

Compensation of employees: data on compensation of nonresident employees are obtained from the enterprise surveys. Data on compensation of the resident and nonresident workers of international organizations and foreign diplomatic representations, as well as residents working abroad, are estimated (see 3.3.2).

Investment income: the NBRK quarterly surveys collected from enterprises, banks and security market intermediaries provide most of the information on the income receipts and payments of direct investment, portfolio investment and other investment. The investment income of the NBRK and the NFRK are obtained from the NBRK's own records. The MOF provides the information on interests on public and public guaranteed debt.

Current transfers: data on technical assistance are provided by the Ministry of Economy and Budget Planning, and data on humanitarian aid are derived from customs statistics. Other current transfers are collected from government institutions, enterprises and banks.

Capital account: the data on the government sector's transfers and transfers of other sectors are provided as part of statistical reporting and they are also derived from customs statistics. The data on the numbers of migrants are provided by the ASRK.

Direct investment: information on direct investment is derived from the following sources: (1) the NBRK enterprise quarterly surveys provide data on direct investment flows and stocks including interests on credits, dividends, other distributed profits and reinvested earnings; (2) quarterly reports submitted by commercial banks; (3) data submitted by enterprises about capital movement operations within the currency regulation regimes (registration and notification of operations); (4) information provided by the MOF on nonresident participations in the privatization of state-owned enterprises.

Portfolio investment: data on transactions and stocks of portfolio investments are obtained from quarterly surveys collected by the NBRK from enterprises, banks, security market intermediaries and Central Depository. The MOF provides the information on portfolio investment related to public debt. The data on transactions of the National Fund of Kazakhstan are derived from central bank records. Supplementary information is provided by data submitted by enterprises and banks about capital movement operations within the currency regulation regimes.

Financial derivatives: data on financial derivatives are obtained from quarterly surveys on the external position of the commercial banks and enterprises, and records of the NBRK. Supplementary information is provided by data submitted by enterprises and banks about capital movement operations within the currency regulation regimes.

Other investment: data on flows and stocks of other investment are obtained from the enterprise quarterly survey, quarterly reports submitted by commercial banks, the MOF information on external assets and liabilities of government sector. Supplementary information is provided by data submitted by enterprises and banks about capital movement operations within the currency regulation regimes.

Reserves: the NBRK records on transactions in foreign assets.

The Customs administration is the only source data on exports and imports of petroleum, natural gas, and related products.

Information on all other BOP transactions (services, income, direct and other financial transactions), including those associated with pipelines, are directly collected by the NBRK as part of statistical reporting by enterprises.

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

Source data, which are essentially based on direct reporting to the NBRK, correctly approximate the desired definitions, classifications, valuations and time of recording.

3.1.3 *Source data are timely*

Data are reported in a timely manner. Timeliness is facilitated by the fact that report forms are to be sent to the NBRK only after the enterprises have fulfilled their own reporting obligations for taxation purposes (submission of financial reports). Banks and other financial institutions submit the quarterly BOP report on the 20th day after the end of the reporting period, while other organizations submit it on the 30th day (international services report forms) and on the 40th day after the end of the reporting period (financial assets and liabilities report form)—that is, after the financial report submission dates.

3.2 *Assessment of source data*

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

The coverage of source data is constantly monitored. In particular, the population of enterprises surveyed is updated on a regular basis. At present, above 7000 enterprises are surveyed quarterly, which should ensure a very good coverage of BOP statistics.

Verification of data pertain to consistency checks within the survey form, ensuring the quality and reliability of the information provided and further enhanced by linking the data at subsequent levels. Accuracy is also promoted by ensuring that for each type of data entered the stock reported at the end of the period is equal to stock reported at the beginning of the period plus transactions as well as other changes in valuation and reclassification during the period.

Banks report in electronic format, which has eliminated data entry errors at the NBRK and facilitates electronic checking, validation and editing. Particularly high-value or unusual transactions, whether submitted by hard-copy or electronic reports, are investigated and confirmed with respondents.

Preliminary data checking and validation is performed by compilers at NBRK regional branches. At the NBRK headquarters in Almaty additional consistency checks are performed. Among these are comparisons of data provided on BOP report forms with banking transactions information submitted according to the Common Classification of Payments System. This System identifies whether transactions are with residents or nonresidents and the broad BOP classification, such as goods or services, etc., into which each transaction falls. Comparisons are also made between data reported for BOP purposes and information obtained from bank balance sheets and bank supervision reports, and discrepancies are investigated.

The NBRK conducts annual surveys to estimate parameters used for adjusting imports from c.i.f. to f.o.b. basis. Surveys are used occasionally for adjusting the coverage of imports to include shuttle trade and for gathering information on, for example, the accounting and business practices of firms engaging in transactions with nonresidents.

When revisions of published BOP reports prove to be necessary, source data are analyzed in the context of factors necessitating the revisions, and report forms are revised and/or the pool of respondents is enlarged and altered appropriately.

3.3   Statistical techniques

3.3.1   Data compilation employs sound statistical techniques to deal with data sources

When primary statistical data are entered into the electronic reporting subsystems, the codes and data are automatically checked. When a report is sent to the NBRK headquarters, built-in logical controls check the filling-out of the form. The subsystem checks bank reports with bank balance sheets and other bank reports submitted to the bank supervisors.

Most forms are designed so that transactions during the reporting period must be reconciled with opening and closing balances. Further verification is performed when data are received in Almaty. For example, reports by major firms may be checked against data submitted by banks. When primary data are entered in the computerized reporting subsystems, the codes and correct data types are automatically checked. Primary data from statistical reports for BOP purposes also check against information received from enterprises and banks about capital movement operations within the currency regulation regimes (registration and notification of operations).

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

Statistical techniques are used mainly to improve the coverage of goods transactions, for the
calculation of adjustments for freight and insurance, and for estimates of travel,
compensation of employees, and migrant transfers. The statistical techniques used seem to be
adequate.

Goods: customs statistics, which are the basis for compiling foreign trade data, are collected
at c.i.f. valuation, and imports are adjusted to f.o.b. basis using coefficients estimated by the
NBRK on the basis of foreign trade statistics and yearly surveys conducted by the NBRK.
The main adjustment to customs relates to shuttle trade. It is based on a number of "shuttle
traders" and an average value of goods imported and exported by them. The number of
"shuttle traders" is estimated on the basis of the number of travelers communicated by the
Border Service. The average value of goods transported by "shuttle traders" has been
determined on the basis of special surveys conducted in Kazakhstan.

Services: the part of the c.i.f.-f.o.b. adjustment to imports that corresponds to nonresident
carriers and insurers is added to imports of freight and insurance services. Credit and debit
entries for travel are estimated on the basis of the number of travelers, the average length of
stay, and the average daily expenditure. Average daily expenditures are estimated from
special surveys and standard travel allowances.

Income: the salaries of residents working abroad are estimated on the average compensation
basis. The number of residents working abroad is obtained from the Ministry of Labor and
Social Protection. It should be noted that surveys of companies are the only data source for
compensation of non resident employees; this data source does not allow to cover
nonresident workers of border countries. The NBRK is working at solutions to eliminate this
gap in coverage.

Capital account: the main entries represent the value of assets taken out by people migrating
from and into Kazakhstan. Data on the number of migrants and the average size of the
migrating families is provided by the ASRK. The values of assets are based on average
ownership ratios in each region, combined with the average price of these assets recorded by
the regional branches of the NBRK.

Financial account: at this time, no statistical technique is used to estimate the amount of
foreign currency held by residents of the country. Recent investigations made by the NBRK
suggest that there is a correlation between the activity of foreign exchange courtiers and
variation in the errors and omissions item of the BOP.

3.4   Assessment and validation of intermediate results and statistical outputs

3.4.1   Intermediate results are validated against other information where applicable.

Data reported by banks for monetary statistics purposes are reconciled with data reported by banks concerning BOP transactions. An additional source of information used to ensure a more accurate classification of financial flows and identify unrecorded foreign assets and liabilities is the data received through the registration and notification of capital movement operations within the currency regulation regimes (see also indicator 3.1.1).

3.4.2   Statistical discrepancies in intermediate data are assessed and investigated

Any statistical discrepancies or inconsistencies which appear in intermediate results are investigated by the staff of the BOP division.

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

The NBRK works closely with compilers in the central bank of the Russian Federation in reconciling trade flows among them, and in analyzing the content of trade to reveal the sources of discrepancies. More generally, the NBRK uses statistics produced by other central banks of partner countries, in particular to better assess the extent of unrecorded transactions.

3.5   Revision studies

3.5.1   Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3)

The revision of data is introduced by the NBRK twice a year, in October and April. Revisions are made for the two preceding years, and full revised BOP series are published for these two years. Particularly with regard to significant revisions, full explanations of the underlying reasons are published with the revised data in the NBRK publication, *The Balance of Payments and External Debt of the Republic of Kazakhstan*.

Although BOP statistics are constantly revised, and the reasons for changes analyzed, no studies are carried out to assess the initial estimates against revised or final estimates over a given period of time. Also, there are no studies of long-term trends in the revision pattern.

4. **Serviceability**

4.1 *Periodicity and timeliness*

4.1.1 *Periodicity follows dissemination standards*

BOP statistics are disseminated quarterly, which conforms to SDDS requirements.

4.1.2 *Timeliness follows dissemination standards*

Quarterly BOP statistics are disseminated within one quarter after the end of the reference period, which conforms to SDDS requirements.

4.2 *Consistency*

4.2.1 *Statistics are consistent within the dataset*

Statistical series are sufficiently detailed to check that data are internally consistent.

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

The data are available from 1995 and have been compiled on the basis of *BPM5* throughout this period. However, there are gaps in the statistical series which come from the shift in responsibility for collecting data of enterprises from the ASRK to the NBRK in 1999. Since that time, the NBRK has been making efforts to extend the coverage of the business register, which it uses for purposes of distributing report forms. As a result, revisions are carried backwards for up to two years.

The quarterly bulletin of the NBRK, which publishes an analytic presentation of the BOP, includes articles analyzing recent developments, as well as notes on methodology and explanations of the reasons for revision.

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

The same source data used for BOP and IIP compilation ensures full correspondence between the data on financial flows and stocks. The country's IIP report is published in a form that makes it possible to reconcile the data on transactions (recorded in the BOP) with the nontransactional changes in the valuation of financial assets. However, differences exist between the BOP and (i) external debt statistics compiled by the MOF, and (ii) the national accounts.

The general government external debt, compiled by the MOF and added by the NBRK to the gross external debt, encompasses the total volume of Eurobonds issued on the international market, including the part of the issue owned by residents (which currently represents about 90 percent of the total issue, held by commercial banks and pension funds). Also, the NBRK does not include in external debt statistics the portion of money market instruments issued by the NBRK which have been acquired by nonresidents on the secondary market. Therefore, the gross external debt statistics differ from positions on corresponding liabilities recorded in the IIP.

BOP data on exports and imports are consistent with merchandise trade data. Adjustments made to trade data are corrections on imports to adjust them to the f.o.b. value and upward adjustments to reflect the unorganized operations of individuals (in other words, "shuttle trade").

Contrary to the NBRK treatment (see also indicator 2.1.1), the branches of foreign companies in the construction and drilling sector are treated as resident entities by the ASRK. This results in a statistical discrepancy in national accounts between the GDP by the production and the expenditure approach, as the activities of these companies are treated as imports of construction services in the BOP.

The MOF and the NBRK should exclude from the statistics on external debt the part of the securities (Eurobonds issued by the government on the international market) which are held by residents, and include money market instruments issued by the NBRK on the domestic market which are currently held by nonresidents, as it is reflected in the IIP.

4.3   Revision policy and practice

4.3.1   Revisions follow a regular and transparent schedule

The revision of data is introduced by the NBRK twice a year, in October and April. Revisions are made for the two preceding years, and full BOP series are published for these two years. Particularly with regard to significant revisions, full explanations of the underlying reasons are published with the revised data in the *Balance of Payments and External Debt of the Republic of Kazakhstan*.

4.3.2   Preliminary and/or revised data are clearly identified

Users are alerted that initially published data are subject to revision for up to two years. Revised data are always disseminated with the same level of detail. However, the data's preliminary status is not clearly identified when they are disseminated, and no distinction is made between preliminary, revised and final data.

The NBRK should include in its publications information on the revision status of the data disseminated: initial (or preliminary), revised and final.

4.3.3   Studies and analyses of revisions are made public (see also 3.5.1)

Revisions are measured, assessed, and explained in the *Balance of Payments and External Debt of the Republic of Kazakhstan,* as well as being identified in the database accessible by users. Particularly with regard to significant revisions, full explanations of the underlying reasons are published with the revised data in the *Balance of Payments and External Debt of the Republic of Kazakhstan.*

5.   Accessibility

5.1   Data accessibility

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

The presentation of the BOP includes all components of the *BPM5* standard presentation. Also an analytic presentation is available on the NBRK's website, and analytic tables on selected accounts of the BOP are published in the *Balance of Payments and External Debt of the Republic of Kazakhstan*. The published data are accompanied by an analytical commentary, which explains the primary factors responsible for recent developments, and a detailed commentary on methodology, including a description of the source data used for BOP compilation.

Although the NBRK does not compile a BOP of the oil sector, some specific indicators are available.

Oil and gas trade data are identified separately in additional analytical tables. Also, pipeline transportation receipts and payments are indicated in the service account.

In the financial accounts, data on foreign direct investment in the country and the country's direct investment abroad clearly specify the relative importance of the oil and gas industrial sector. The assets and liabilities of oil and gas sector companies are also distinguished from other sectors in additional analytical tables. The assets of the NFRK, which are included in the monetary authorities sector, are clearly distinguished from other assets of the NBRK.

All this information are published in the Quarterly bulletin, which is also available on the website.

5.1.2   Dissemination media and formats are adequate

The data are released on the NBRK's internet website (in Kazakh, Russian and English). The data include standard (detailed) and analytic (short) presentations of the BOP.

Hard copies on BOP statistics are available in four different forms:

- Press release

- Monthly, *Statistical Bulletin*

- Quarterly, "*The Balance of Payments and External Debt of the Republic of Kazakhstan*" (in Kazakh and Russian) and the Statistical Bulletin (in Kazakh, Russian and English)

- Annually: "*Annual Report*" (in Kazakh, Russian and English)

The press release is free of charge while the three other publications are available for a fee. These publications are available from the Official Distributor "Kazstatinform" LLP, 050000, 125 Prospekt Abaya, Almaty, Republic of Kazakhstan, Telephone: 7 727 2421518, and fax: 7 727 2775350.

5.1.3   Statistics are released on the preannounced schedule

An advance release calendar that gives the precise release dates for the next twelve months is disseminated on the NBRK's internet website (http://www.nationalbank.kz/......)

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

The data are released simultaneously on the NBRK's internet website (in Kazakh, Russian and English).

Detailed tables, in the time series format, are published quarterly in the NBRK's publication *The Balance of Payments and External Debt of the Republic of Kazakhstan* (in Kazakh and Russian).

5.1.5   Statistics not routinely disseminated are made available upon request

Additional data series that do not contain confidential information are provided upon request.

5.2   *Metadata accessibility*

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

Methodological notes are disseminated on the NBRK's website, and details on the methodology are published in "*The Balance of Payments and External Debt of the Republic of Kazakhstan.*"

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

Two different levels of details are made available to the public: a detailed (standard) and a short (analytical) presentation.

5.3   *Assistance to users*

5.3.1   *Contact points for each subject field are publicized*

The NBRK's publications and website indicate the names and references of contact points for each subject field.

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

A list of NBRK publications and charges is available from the publishers of NBRK documents, but the NBRK does not disseminate a catalog of publications.

Table 6. Kazakhstan: Data Quality Assessment Framework (July 2003): Summary of Results for Balance of Payments

(Compiling Agency: Agency of Statistics of the Republic of Kazakhstan)

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

Element	NA	Assessment				Comments
		O	LO	LNO	NO	
0. Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Relevance		X				
0.4 Other quality management		X				
1. Assurances of integrity						
1.1 Professionalism		X				
1.2 Transparency			X			No advance notice is given to users for major changes in the methodology, data sources, and statistical techniques.
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions			X			The residence criterion does not conform to international accepted standards for local branches of foreign firms (e.g., construction and drilling services).
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and reliability						
3.1 Source data		X				
3.2 Assessment of source data		X				
3.3 Statistical techniques		X				
3.4 Assessment and validation of source data		X				
3.5 Assessment and validation of intermediate data and statistical outputs		X				
3.6 Revision studies		X				
4. Serviceability						
4.1 Periodicity and timeliness		X				
4.2 Consistency			X			BOP statistics are not consistent with national accounts (based on the residence of local branches of foreign firms providing construction and drilling services) and external debt statistics (treatment of sovereign Eurobonds and money market instruments issued by the NBRK).
4.3 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Appendix I. Summary of the Special Data Dissemination Standard (SDDS)

The SDDS prescribes the following practices under each of the identified dimensions:

Data dimension (coverage, periodicity, and timeliness)

- the dissemination of 18 data categories, including component detail, covering the four main sectors (real, fiscal, financial, and external) of the economy, with prescribed periodicity and timeliness.

Access dimension

- the dissemination of advance release calendars providing at least one-quarter advance notice of approximate release dates, and at least a one-week advance notice of the precise release dates; and

- the simultaneous release of data to all users.

Integrity dimension

- the dissemination of the terms and conditions under which official statistics are produced and disseminated;

- the identification of internal government access to data before release;

- the identification of ministerial commentary on the occasion of statistical release; and

- the provision of information about revision and advance notice of major changes in methodology.

Quality dimension

- the dissemination of documentation on statistical methodology and sources used in preparing statistics; and

- dissemination of component detail and/or additional data series that make possible cross-checks and checks of reasonableness.

SDDS subscribers are required to:

- post descriptions of their data dissemination practices (metadata) on the IMF's DSBB. Summary methodologies, which describe data compilation practices in some detail, are also disseminated on the DSBB; and

- maintain an internet website, referred to as the National Summary Data Page (NSDP), which contains the actual data described in the metadata and to which the DSBB is electronically linked.

The IMF staff is monitoring observance of the standard through NSDPs maintained on the internet. Monitoring is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of advance release calendars.

Source: http://dsbb.imf.org

Appendix II. Data Quality Assessment Framework—Generic Framework
(July 2003 Framework)

Quality Dimensions	Elements	Indicators
0. Prerequisites of quality	**0.1 Legal and institutional environment**—*The environment is supportive of statistics.*	0.1.1 The responsibility for collecting, processing, and disseminating the statistics is clearly specified. 0.1.2 Data sharing and coordination among data-producing agencies are adequate. 0.1.3 Individual reporters' data are to be kept confidential and used for statistical purposes only. 0.1.4 Statistical reporting is ensured through legal mandate and/or measures to encourage response.
	0.2 Resources—*Resources are commensurate with needs of statistical programs.*	0.2.1 Staff, facilities, computing resources, and financing are commensurate with statistical programs. 0.2.2 Measures to ensure efficient use of resources are implemented.
	0.3 Relevance—*Statistics cover relevant information on the subject field.*	0.3.1 The relevance and practical utility of existing statistics in meeting users' needs are monitored.
	0.4 Other quality management—*Quality is a cornerstone of statistical work.*	0.4.1 Processes are in place to focus on quality. 0.4.2 Processes are in place to monitor the quality of the statistical program. 0.4.3 Processes are in place to deal with quality considerations in planning the statistical program.
1. Assurances of integrity *The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to*	**1.1 Professionalism**—*Statistical policies and practices are guided by professional principles.*	1.1.1 Statistics are produced on an impartial basis. 1.1.2 Choices of sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations. 1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.
	1.2 Transparency—*Statistical policies and practices are transparent.*	1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public. 1.2.2 Internal governmental access to statistics prior to their release is publicly identified. 1.2.3 Products of statistical agencies/units are clearly identified as such. 1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.
	1.3 Ethical standards—*Policies and practices are guided by ethical standards.*	1.3.1 Guidelines for staff behavior are in place and are well known to the staff.

Quality Dimensions	Elements	Indicators
2. Methodological soundness *The methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices*	**2.1 Concepts and definitions**—*Concepts and definitions used are in accord with internationally accepted statistical frameworks.*	2.1.1 The overall structure in terms of concepts and definitions follows internationally accepted standards, guidelines, or good practices.
	2.2 Scope—*The scope is in accord with internationally accepted standards, guidelines, or good practices.*	2.2.1 The scope is broadly consistent with internationally accepted standards, guidelines, or good practices.
	2.3 Classification/ sectorization—*Classification and sectorization systems are in accord with internationally accepted standards, guidelines, or good practices.*	2.3.1 Classification/sectorization systems used are broadly consistent with internationally accepted standards, guidelines, or good practices.
	2.4 Basis for recording—*Flows and stocks are valued and recorded according to internationally accepted standards, guidelines, or good practices*	2.4.1 Market prices are used to value flows and stocks. 2.4.2 Recording is done on an accrual basis. 2.4.3 Grossing/netting procedures are broadly consistent with internationally accepted standards, guidelines, or good practices.
3. Accuracy and reliability *Source data and statistical techniques are sound and statistical outputs sufficiently portray reality*	**3.1 Source data** – *Source data available provide an adequate basis to compile statistics.*	3.1.1 Source data are obtained from comprehensive data collection programs that take into account country-specific conditions. 3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required. 3.1.3 Source data are timely.
	3.2 Assessment of source data—*Source data are regularly assessed.*	3.2.1 Source data—including censuses, sample surveys, and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide statistical processes.
	3.3 Statistical techniques—*Statistical techniques employed conform to sound statistical procedures*	3.3.1 Data compilation employs sound statistical techniques to deal with data sources. 3.3.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.
	3.4 Assessment and validation of intermediate data and statistical outputs—*Intermediate results and statistical outputs are regularly assessed and validated.*	3.4.1 Intermediate results are validated against other information where applicable. 3.4.2 Statistical discrepancies in intermediate data are assessed and investigated. 3.4.3 Statistical discrepancies and other potential indicators or problems in statistical outputs are investigated.
	3.5 Revision studies—*Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.*	3.5.1 Studies and analyses of revisions are carried out routinely and used internally to inform statistical processes (see also 4.3.3).

Quality Dimensions	Elements	Indicators
4. Serviceability *Statistics, with adequate periodicity and timeliness, are consistent and follow a predictable revisions policy*	**4.1 Periodicity and timeliness—** *Periodicity and timeliness follow internationally accepted dissemination standards.*	4.1.1 Periodicity follows dissemination standards. 4.1.2 Timeliness follows dissemination standards.
	4.2 Consistency— *Statistics are consistent within the dataset, over time, and with major datasets.*	4.2.1 Statistics are consistent within the dataset. 4.2.2 Statistics are consistent or reconcilable over a reasonable period of time. 4.2.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.
	4.3 Revision policy and practice— *Data revisions follow a regular and publicized procedure.*	4.3.1 Revisions follow a regular and transparent schedule. 4.3.2 Preliminary and/or revised data are clearly identified. 4.3.3 Studies and analyses of revisions are made public (see also 3.5.1).
5. Accessibility *Data and metadata are easily available and assistance to users is adequate*	**5.1 Data accessibility—** *Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.*	5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts). 5.1.2 Dissemination media and format are adequate. 5.1.3 Statistics are released on a preannounced schedule. 5.1.4 Statistics are made available to all users at the same time. 5.1.5 Statistics not routinely disseminated are made available upon request.
	5.2 Metadata accessibility— *Up-to-date and pertinent metadata are made available.*	5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from internationally accepted standards, guidelines, or good practices are annotated. 5.2.2 Levels of detail are adapted to the needs of the intended audience.
	5.3 Assistance to users— *Prompt and knowledgeable support service is available.*	5.3.1 Contact points for each subject field are publicized. 5.3.2 Catalogs of publications, documents, and other services, including information on any charges, are widely available.