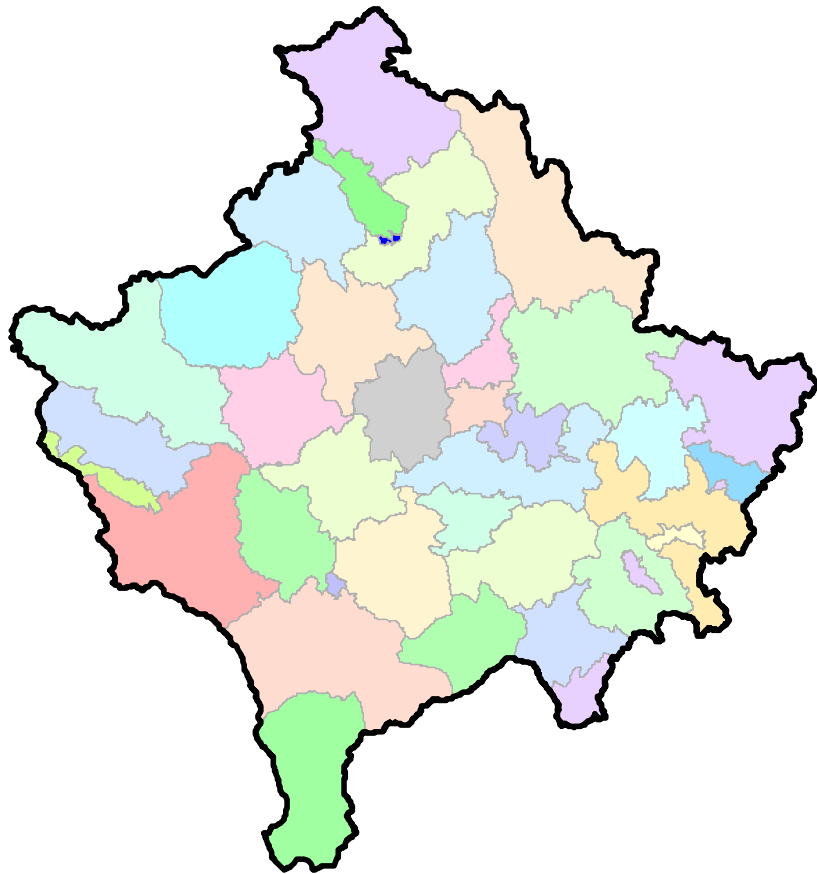




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Republika Kosova-Republic of Kosovo
Qeveria - Vlada - Government
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Agjencia e Statistikave të Kosovës - Agencija za Statistike Kosova - Kosovo Agency of Statistics

Series 3: Economic Statistics

Gross Domestic Product by expenditure approach (2008-2013)



AGJENCIA E STATISTIKAVE TË KOSOVËS
AGENCIJA ZA STATISTIKE KOSOVA
KOSOVO AGENCY OF STATISTICS



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P r e f a c e

Kosovo Agency of Statistics (KAS) presents the preliminary Gross Domestic Product (GDP) data for the period 2008-2013, based on the expenditure approach in current and constant prices(at prices of previous year. The GDP has been drawn up according to the methodological principles of ("European System of Accounts" - ESA 2010) and "System of National Accounts "- SNA 2008.

The national accounts data are used for economic and fiscal planning and for the elaboration of development programmers for various sectors of the economy. Results from the national accounts are also used by foreign and domestic investors to evaluate the economic situation of the country and the opportunities for new investments.

KAS will continue to develop the production of national accounts which follows the international recommendations and will strive to publish figures of high quality in a timely manner.

Many thanks go to IMF expert.

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ABBRIVATION

BoPs	Balance of Payment
CIF	Cost, Insurance, Freight
COFOG	Classification of the Functions of Government
COICOP	Classification of Individual Consumption by purpose for households
CFC	Consumption of Fix Capital
EAA	Economic Accounts of Agriculture
ESA 2010	European System of Accounts, 2010
FOB	Free on Board
FISIM	Financial Intermediation Services Indirectly Measured
GDP	Gross Domestic Product
GFCF	Gross Fixed capital formation
GVA	Gross Value Added
HBS	Household Budget Survey
HFCE	Household Final Consumption Expenditure
IMF	International Monetary Fund
NACE Rev.1	Nomenclature statistique des activites economiques dans la Communaute europeenne revision 1
NPISH	Non-Profit Institutions Serving Households
PIM	Perpetual Inventory Method
SUT	Supply and Use Tables
SNA	System of National Accounts

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Gross Domestic Product by expenditure approach 2008-2013

Gross Domestic Product by expenditure approach 2008-2013

The main and the most significant macroeconomic aggregate within the System of National Accounts is Gross Domestic Product (GDP), which represents the result of production activities of all residential institutional units.

The calculation of gross domestic product, in accordance with SNA 2008 and ESA 2010 methodology, is based on the existing administrative data sources, as well as based on official statistical surveys, which had been done in KAS.

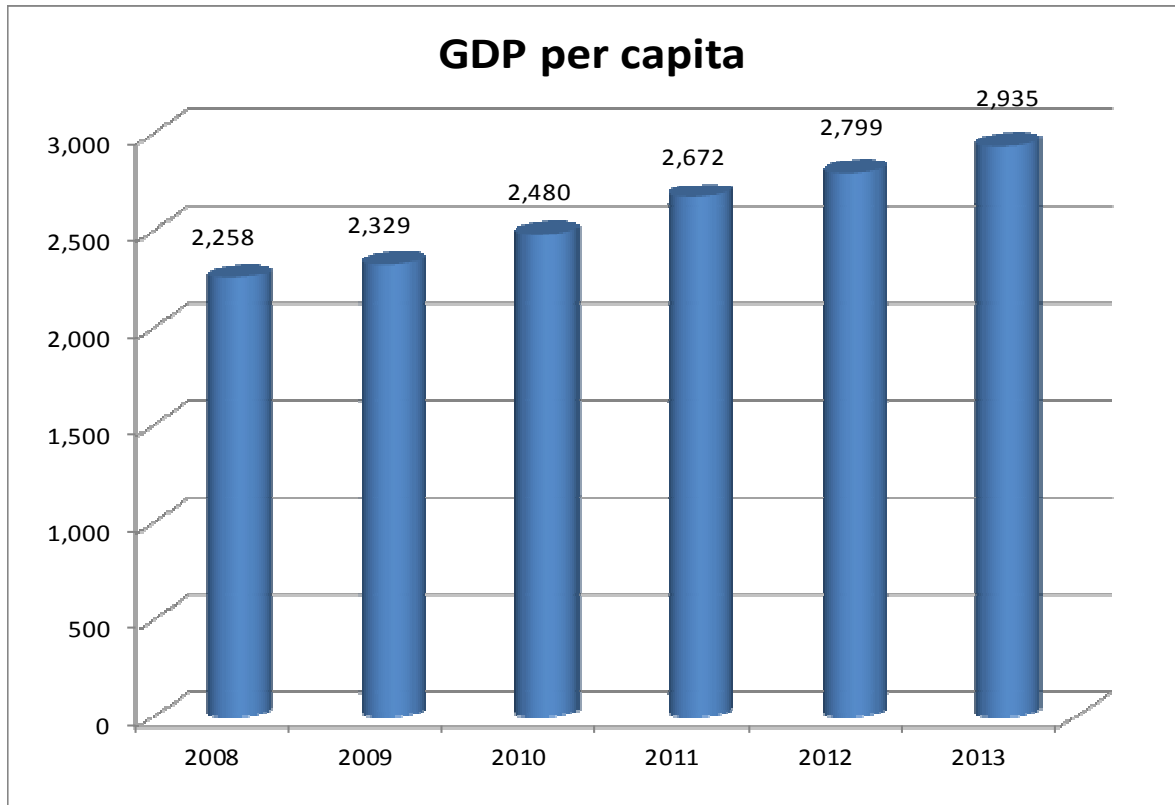
Table 1: Gross Domestic Product in current prices 2008-2013

	(Million of Euro)					
	2008	2009	2010	2011	2012	2013
GDP at current prices	3,882.8	4,069.6	4,402.0	4,814.5	5,058.7	5,326.6
Final consumption expenditure	4,172.2	4,221.6	4,516.5	4,975.5	5,320.4	5,539.3
Final consumption of households	3,488.9	3,528.5	3,768.2	4,142.3	4,458.1	4,652.4
Final consumption of Government	659.8	668.1	722.3	802.1	842.1	863.9
Government of Kosovo	358.0	407.2	495.7	578.4	625.0	658.8
Donor (wages)	301.8	260.8	226.6	223.7	217.1	205.2
Expatriates	196.9	178.7	157.4	155.5	150.9	142.6
Local employees	104.9	82.1	69.2	68.2	66.2	62.6
Final Consumption expenditure of NPISH	23.6	25.0	26.0	31.1	20.2	23.0
Gross capital formation	1,208.7	1,267.4	1,450.6	1,632.4	1,465.1	1,470.9
Gross fixed capital formation	1,052.7	1,129.8	1,301.2	1,475.9	1,316.8	1,322.6
Changes on inventories	156.0	137.6	149.4	156.5	148.3	148.3
Net export	-1,498.2	-1,419.4	-1,565.2	-1,793.3	-1,726.8	-1,683.6
Exports of goods and services	608.9	694.9	878.0	943.4	922.1	927.1
Exports of goods	216.6	177.2	305.0	324.9	287.0	305.1
Exports of services	392.4	517.6	573.0	618.5	635.1	622.0
Imports of goods and services	2,107.1	2,114.2	2,443.1	2,736.7	2,648.8	2,610.7
Imports of goods (FOB)	1,866.3	1,828.9	2,057.1	2,383.9	2,360.0	2,297.1
Imports of services	240.8	285.3	386.1	352.8	288.8	313.7
GDP per capita (Euro)	2,258	2,329	2,480	2,672	2,799	2,935

Gross Domestic Product by expenditure approach 2008-2013

The Kosovo GDP during the period 2008-2013 is increased from 3,882.8 to 5,326.6 million Euros. GDP per capita¹ is increased from 2,258 euro in 2008, to 2,935 Euro in 2013.

Graph 1.1 GDP per capita



As it is shown in the graph, GDP per capita has been increased and in the 2013 year the GDP per capita is 2,935 Euros.

¹ Calculation of the number of population for 2013 is preliminary data.

Gross Domestic Product by expenditure approach 2008-2013

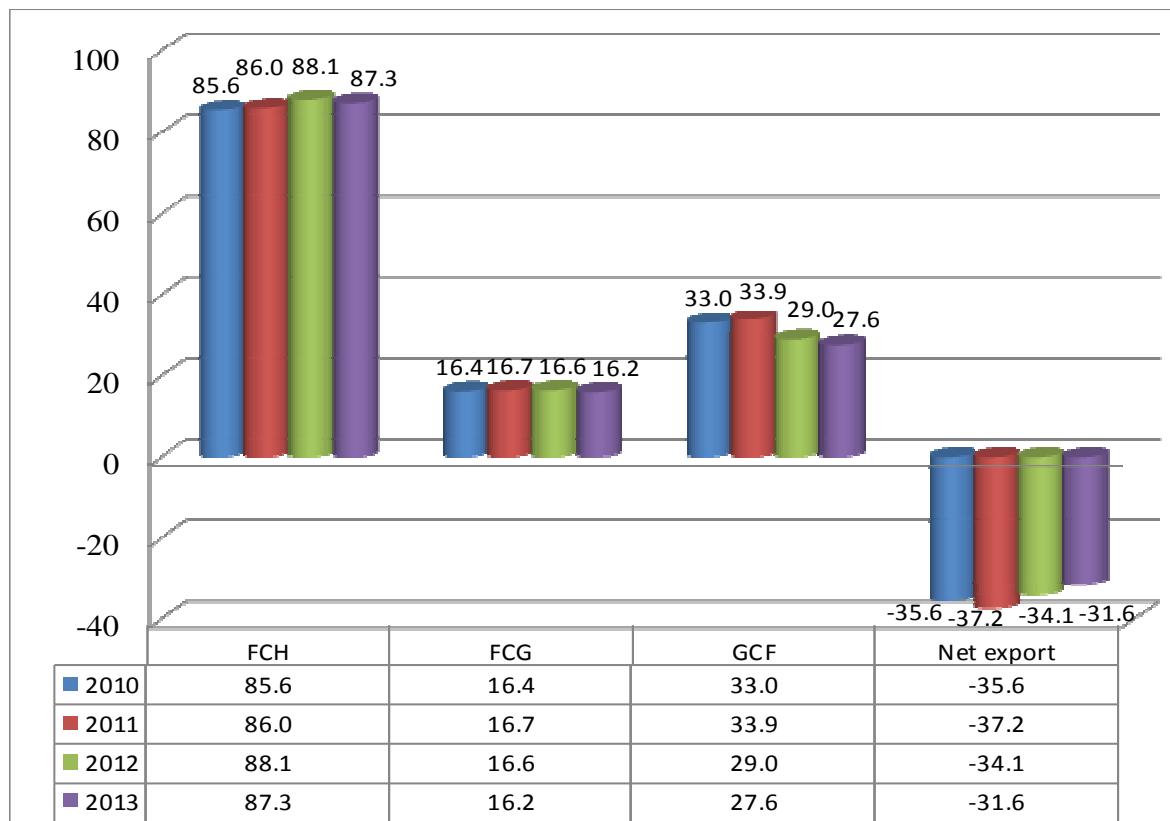
Table 2: Structure of GDP by expenditure approach

	2008	2009	2010	2011	2012	2013
GDP at current prices	100.0	100.0	100.0	100.0	100.0	100.0
Final consumption expenditure	107.5	103.7	102.6	103.3	105.2	104.0
Final consumption of households	89.9	86.7	85.6	86.0	88.1	87.3
Final consumption of Government	17.0	16.4	16.4	16.7	16.6	16.2
Government of Kosovo	9.2	10.0	11.3	12.0	12.4	12.4
Donor (wages)	7.8	6.4	5.1	4.6	4.3	3.9
Expatriates	5.1	4.4	3.6	3.2	3.0	2.7
Local employees	2.7	2.0	1.6	1.4	1.3	1.2
Final Consumption expenditure of NPISH	0.6	0.6	0.6	0.6	0.4	0.4
Gross capital formation	31.1	31.1	33.0	33.9	29.0	27.6
Gross fixed capital formation	27.1	27.8	29.6	30.7	26.0	24.8
Changes on inventories	4.0	3.4	3.4	3.2	2.9	2.8
Net export	-38.6	-34.9	-35.6	-37.2	-34.1	-31.6
Exports of goods and services	15.7	17.1	19.9	19.6	18.2	17.4
Exports of goods	5.6	4.4	6.9	6.7	5.7	5.7
Exports of services	10.1	12.7	13.0	12.8	12.6	11.7
Imports of goods and services	54.3	52.0	55.5	56.8	52.4	49.0
Imports of goods (FOB)	48.1	44.9	46.7	49.5	46.7	43.1
Imports of services	6.2	7.0	8.8	7.3	5.7	5.9

Household Final Consumption participates with 87.3 per cent in GDP for 2013, while for 2012 this percentage was 88.1 in GDP.

The Gross Capital Formation contributed with 27.6 per cent to the GDP in 2013. Final Consumption Expenditures of government represented 16.2 percent of the total GDP in 2013.

Graph 2.1: Main components of GDP 2010-2013



As it is shown in the graph, there have been the structural changes in the main components of the GDP in 2013 compared with the 2012 year:

- Household Final consumption participated with 88.1 per cent in the GDP of 2012, while this percentage is 87.3 per cent in 2013;
- Final Consumption of Government participated with 16.6 per cent in the GDP of 2012, while this percentage is 16.2 per cent in 2013;
- Gross Fixed Capital Formation participated with 29.0 per cent in the GDP of 2012, while this percentage is 27.6 per cent in 2013;
- Net export from – 34.1 per cent in the GDP of 2012 in -31.6 per cent in 2013 year.

Gross Domestic Product by expenditure approach 2008-2013

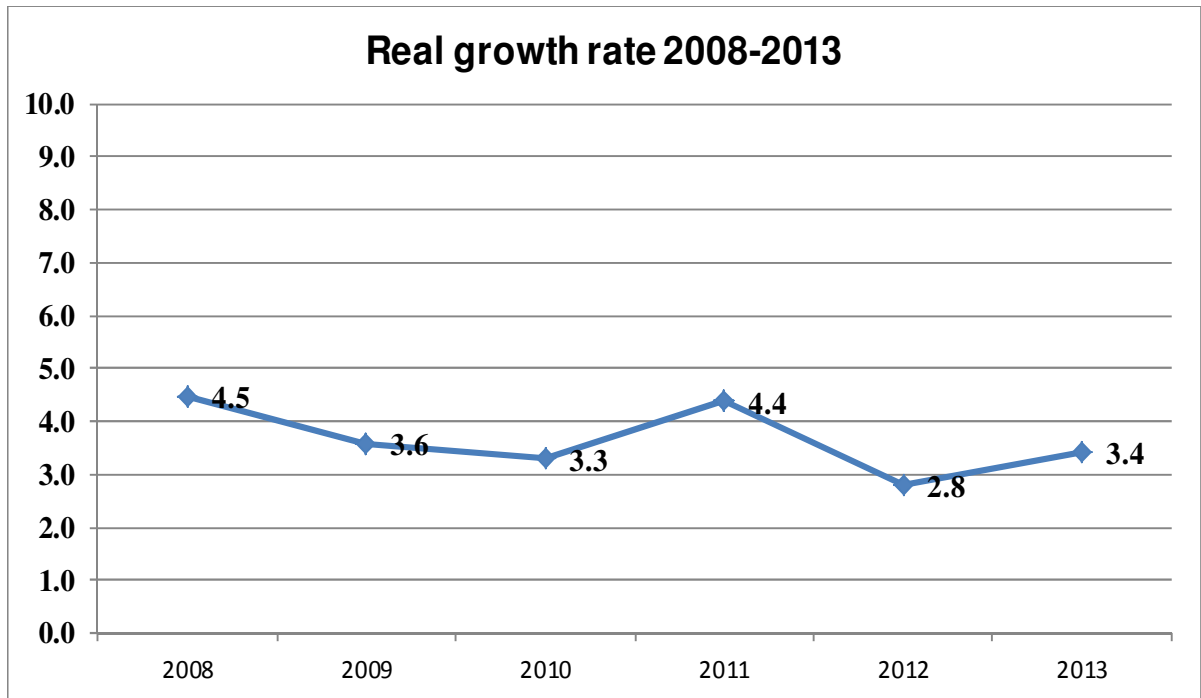
Table 3: GDP in constant prices (at prices of previous year)

(Million of Euro)

	2008	2009	2010	2011	2012	2013
GDP at constant prices	3,616.1	4,022.4	4,204.3	4,594.6	4,949.8	5,232.8
Final consumption expenditure	3,912.8	4,218.2	4,325.1	4,652.0	5,104.3	5,437.8
Final consumption of households	3,268.9	3,569.3	3,651.5	3,900.3	4,264.3	4,548.3
Final consumption of Government	620.8	624.3	648.4	722.8	820.0	869.6
Government of Kosovo	323.5	367.4	429.5	506.6	605.1	649.6
Donor (wages)	297.3	257.0	218.9	216.2	214.9	220.1
Final Consumption expenditure of NPISH	23.1	24.5	25.1	29.0	20.0	19.9
Gross capital formation	1,123.7	1,340.3	1,405.0	1,565.0	1,422.3	1,460.2
Gross fixed capital formation	979.9	1,194.7	1,254.2	1,407.1	1,274.7	1,314.1
Changes on inventories	143.8	145.6	150.8	157.9	147.6	146.1
Net export	-1,420.4	-1,536.0	-1,525.8	-1,622.4	-1,576.8	-1,665.2
Exports of goods and services	547.1	683.9	781.5	907.0	948.3	944.7
Exports of goods	188.3	193.2	227.9	309.4	320.8	323.8
Exports of services	358.8	490.6	553.6	597.6	627.5	620.9
Imports of goods and services	1,967.5	2,219.9	2,307.3	2,529.3	2,525.1	2,609.9
Imports of goods (FOB)	1,734.4	1,935.5	1,927.3	2,180.8	2,239.1	2,291.9
Imports of services	233.1	284.4	380.0	348.6	286.0	318.0
GDP Real growth rate	4.5	3.6	3.3	4.4	2.8	3.4

Real growth rate of the Kosovo Gross Domestic Product (GDP) in 2013 was 3.4 per cent

Graph 3.1 Real growth rate of GDP 2008-2013



Methodological notes

Calculation of GDP is based in three approaches:

- Production approach
- Expenditure approach and
- Income approach

Expenditure approach:

The GDP by expenditure approach is derived as the sum of all final expenditures on goods and services. These final expenditures are grouped into three big categories: Final consumption, Gross Capital Formation and Net exports (E-I). Since the GDP measures domestic production, the value of expenditures on imports is subtracted from all other expenditures, using the following formula:

$$\mathbf{GDP = FC + GCF + (E-I)}$$

FC = final consumption

GCF = gross capital formation

E = export

I = import

Components of the Gross Domestic Product:

1. Household Final Consumption

The household consumption is the main component of GDP by expenditure approach and represents the costs of the resident households, in order to obtain goods and services necessary for their needs and demands. It includes not only directly paid for goods and services, but also the acquisition through income in kind or from own production.

The total Household consumption was derived from the Household Budget Survey, which is organized in KAS.

2. Final consumption expenditure of General Government

Government final consumption is measured as the sum of purchases of goods and services, compensation of employees and consumption of fixed capital less receipts from sales.

3. Gross capital formation

Based on ESA95 methodology, the GCF represents the sum of the Gross fixed capital formation and changes in inventories.

The estimation of Gross Fixed Capital Formation covers acquisitions less disposals of tangible assets and major improvements to tangible non-produced assets, which are used

more than one year. The estimates on the GFCF include the following types of assets: dwellings, other buildings and structures, machinery and equipment.

Main data source for investments are import data for the machinery and equipment. Also the domestic production of construction material is used.

The changes in inventories are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories. The estimation of the changes in inventory is based on the results of the Structural Business Survey, carried out by KAS.

4. Final Consumption of Non-Profit Institutions Serving Households

Non-profit institutions include the non-profit organizations (NGO).

5. Import and export of goods and services

Export of goods and services consist of transactions in goods and services from residents to non-residents.

Import of goods and services consist of transactions in goods and services from non-residents to residents.

The export and import of goods data are provided by the Customs of Kosovo, while the export and import of services are provided by Balance of Payment (BoP) elaborated by CBK.

Data sources

a) Statistical data sources

- Results of surveys and publications carried out by KAS as: household budget survey, labor force survey, agriculture household survey and KAS publications;
- Foreign trade statistics: import and export of goods;
- Consumer Price Index and other price indexes carry out by KAS;
- Final data of Census Population 2011.

b) Administrative data sources:

- Ministry of Finance concerning the budget and treasury data;
- Central Bank of Kosovo, Balance of Payment and other data;
- Ministry of Public Administration, concerning the NGO data;
- Ministry of Agriculture, concerning agriculture data;
- Kosovo Tax Administration-tax data.

Revisions to annual GDP by expenditure

The GDP by expenditure approach, in current and constant prices for the period 2008-2012 was revised mainly due to the implementation of new system of accounts, ESA 2010, availability of new or more detailed data sources (Population Census carried out in 2011, development of Economic Accounts of Agriculture (EAA), revised balance of payments (BOP) data, more detailed data on government capital expenditure and improvement of compilation methods. That allowed to apply (PIM), widening scope of administrative data used in compilation.

The 2008-2012 revisions due to implementation of ESA2010 refers to: (i) the new estimates of research and development and weapon system are included in gross fixed capital formation (GFCF); (ii) new estimation of FISIM at current and constant prices and allocation to the users; (iii) estimation of the output of Central Bank.

The availability of new data sources allowed the estimation of the imputed rent based on the user cost approach and improvement of GFCF by including the cultivated biological resources (animals and plantation) as is requested by national accounts methodology.

The main points of revisions of GDP by expenditure approach are summarized as following:

a. For the estimation of Household Final Consumption, the commodity flow approach was substantially elaborated, gradually gains the precision of SUTs, and applied systemically for all groups of the Classification of Individual Consumption According to Purpose (COICOP). To obtain estimates of domestic production of goods and services consumed by households, verified SBS output data at the 4 digit level of the Statistical Classification of Economic Activities in the European Community (NACE, Rev.1) were used. Customized correspondence tables between NACE Rev.1, CPA 2002 and subsequently COICOP 1999, were revised and updated based on the Eurostat correspondence tables. The same procedure was applied to update and convert HS2007 6 digit external trade database into COICOP classes. The product flow approach was further enriched by adding both exports and intermediate consumption (IC) of goods, and applying valuation adjustments based on actual tax. Reconciliation of HFCE results with the households budget survey (HBS) was

Gross Domestic Product by expenditure approach 2008-2013

reinforced. The new imputed rent and FISIM were included in HFC in current and constant prices.

b. The level of 2008-2012 government final consumption was revised due to implementation of improved method for estimating CFC. The development of Perpetually Inventory Method (PIM) for the estimation of CFC became possible due to more detailed historical data on acquisition of government assets received from the Ministry of Finance. The calculation was performed for 20 groups of governments fixed assets. Application of geometric annual depreciation function with various declining balance was introduced. To calculate CFC at current prices, reflation was performed using relevant price indices for both stocks and flows.

FISIM at current and constant prices allocated to government was added to the estimates. Constant price estimates of general government were revised, by improving the calculation of the intermediate consumption (price indices were applied to the detailed structure of IC (in total, approximately 70 categories).

c. The current and constant price estimates of gross fixed capital formation (GFCF) were revised. Estimates based on domestic production of construction materials were revised following the revisions of relevant classes of NACE, division 26 and 14. The GFCF in plantations and livestock, research and development, and weapons system were added to estimates. Estimates of the major repairs to machinery and equipment have been realized and integrated in the indicator.

d. Revised estimates of balance of payments were incorporated in import and exports of goods and services.

The statistical discrepancies between annual GDP by production and annual GDP by expenditure for all 5 years of the revised series do not exceed 3 percent of total GDP. The revision activity will continue to ensure the consistency of the time series.

Kosovo Agency of Statistics

short description

Kosovo Agency of Statistics is a professional institution which deals with collection, processing and publication of official statistical data. As such acts since 1948 and has passed through several historical stages, structured according to state regulation of those times.

On 2 August 1999, the Agency has resumed his professional work (after nine years of interruption of all statistical series detrimental to the interest of Kosovo), as an independent institution under the Ministry of Public Administration. Since 12.12.2011 the Agency operates in the frames of the Prime Minister's Office. Office is funded by the Kosovo Consolidated Budget, but also by donors for specific projects and for technical professional support.

Kosovo Agency of Statistics acts according to the Law No. 04/L-036 which entered into force on 12.12.2011. Strategic development plan 2009-2013 is the middle term implementation for the development of statistical system in correlation with the European Union statistics (EUROSTAT).

Kosovo Agency of Statistics has this organizational structure: production departments; (Department of Economic statistics and National Accounts, Department of Agriculture and Environment statistics and Department of Social statistics. **Support Departments;** Department of Methodology and Information Technology, Department of Policy Planning, Coordination and Communication, Department of Census and survey and Department of Administration. **Within the Agency we also established** Office of the Population Census, Huseholds and Dwellings. **Regional Offices;** Gjakove, Gjilan, Mitrovica, Peja, Prizren, Pristina and Ferizaj

In ASK are employed in total 139 workers, of them 104 (74,8 %) at the headquarters of the Agency, while in the Regional Offices, 35 (25,2%), with qualifying structure, 70,5% with university education to 29,5% with secondary education.

We have professional and technical cooperation with all Ministries of the Government of Kosovo, especially with the Ministry of Economy and Finance, Central Bank of Kosovo, with international institutions, EUROSTAT, International Monetary Fund, World Bank, Sweden's SIDA, DFID, UNFPA, UNDP, UNIVF, and with the statistical institutions of the countries in the region.

Kosovo Agency of Statistics almost completely covers the territory of Kosovo, based on the statistical structure of the enumeration areas as the basic unit and sole in the country from which it gets first hand information. All surveys conducted in the field use the extension of the samples in these enumeration areas but also a statistical methodology according to international recommendations. During the collection of statistical data and reports from reporting entities are involved professionals, technicians, administrators, servants of the country offices, field enumerators from regional offices, etc.

We have successfully implemented the project of Population Census, Households and Dwellings in 2011, Census that was not carried out since 1981. Results obtained from the Census will have an important role in compiling the development policies.

The mission of the Agency; to meet the needs of users with qualitative statistical data, objective, in time and space so that users have reliable base to conduct regular analysis in the interest of planning and project development at the municipal and country level. To support government institutions, scientific institutes, research academies, businesses in order to provide proper information for decision-makers and other users in Kosovo. Ongoing is preparation for the Census of Agriculture in Kosovo.

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