



Assessment of sources and methods used in the provision of basic information for Purchasing Power Parities (PPPs)

COUNTRY: Bulgaria

2015



CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website.
3. The current assessment report is based on the information presented by the Bulgarian National Statistical Institute (BNSI) in the "PPP Inventory of sources and methods", version January 2015, as well as on other data and reports prepared in the context of the PPP program. In addition, the information provided during a visit to the BNSI on 12 October 2015 is taken into account.

ORGANISATIONAL ISSUES

4. In Bulgaria, the PPP Section is part of the "Consumer Price Statistics and PPP" Department and consists currently of 4 permanent employees including the national PPP coordinator. The PPP team maintains working relations with the "Non-financial National Accounts" Department which is responsible for the GDP expenditure weights and data on imputed rents, VAT and tips.
5. Two external experts are contracted for the equipment goods survey and two other external experts for the construction survey. The hospitals survey is outsourced as well to three experienced external experts.
6. The price collection for consumer goods price surveys is conducted by the PPP team in cooperation with CPI-HICP staff and with 6-8 price collectors employed by the Sofia Regional Statistical Office (RSO). Prices are collected in Sofia, the capital of Bulgaria. Spatial Adjustment Factors (SAFs) are calculated on the basis of CPI data.
7. Information on the housing stock is provided by the "Demographic Statistics" Unit.
8. The salaries questionnaire is filled in by the PPP team with basic data received from the "Labour Statistics" Department while the CPI and SAF surveys are conducted within the Department together with the CPI colleagues.



FINDINGS BY PPP SURVEY

Consumer goods and services

9. The price collection is conducted for all the available items included in the lists of each consumer survey. A selection of outlets is made before the price collection and the list of appropriate shops is handed to price collectors as guidance.
10. BNSI should investigate the share of outlet types on the market and check if they are reflected accordingly in the shop sample and in the calculation of the average prices.

Housing services

11. To be consistent with the use of the stratification method for estimating imputed rents in the national accounts, BNSI should switch from the quantity approach to the price approach for the PPP rents survey. BNSI is already supplying the required data to Eurostat, but the PPP Inventory needs to be updated to reflect this change.

Compensation of government employees

12. BNSI should investigate if benefits in cash and kind are included in the calculation of compensation of employees.
13. Employee numbers are used as the basis for the requested weights for groups of occupations. BNSI should investigate if shares in expenditure can be provided.

Gross fixed capital formation

14. BNSI should investigate the possibility of including discounts in the prices for equipment goods.

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR BNSI

15. Bulgaria complies well with the PPP Regulation. Its data are in general of sufficient quality and the resulting PPPs are plausible. In the previous sections, nevertheless, some improvement points were raised which are summarised in the table below.



Area	Action points
<i>Organisation</i>	<i>None</i>
<i>Consumer goods and services</i>	(1) Investigate the share of outlet types on the market and check if they are reflected accordingly in the shop sample and in the calculation of the average prices.
<i>Housing services</i>	<i>None</i>
<i>Compensation of government employees</i>	(2) Investigate if the benefits in cash and kind are included in the calculation of compensation of employees. (3) Investigate if weights based on expenditure shares are available.
<i>Education</i>	<i>None</i>
<i>Hospitals</i>	<i>None</i>
<i>Gross fixed capital formation</i>	(4) Equipment goods: Investigate the possibility of including discounts.
<i>Expenditure weights</i>	<i>None</i>