

Statistical product– Statistics on foreign investments (quarterly)

Processes	Sub-processes	Sub-process description
<i>Specify needs</i>		
	<b>1.1 Specify needs</b>	<p>The information is required to obtain summary information on foreign investments and use it in compiling the balance of payments of the RA, as well as to provide users with necessary data on foreign investments by countries and types of economic activities.</p> <p>The indicators of foreign investments, in case of need, are provided to statistical information users: the state and local government bodies of RA, scientific and academic institutions, international organizations and other interested institutions, following the legislative requirements on their confidentiality. The data on foreign investments is used in the field of economy in order to develop strategies, solve the strategic tasks, for analysis of foreign investments in the sectors of economy, business environment, and to reveal the social development trends and other purposes.</p>
	<b>1.2 Consult and confirm needs</b>	<p>The Draft Annual Statistical Program is submitted to 147 main statistical information users (government agencies, educational institutions, judicial bodies, banking system, business sphere, NGOs, international organizations and mass media) selected by the sampling method in order to study their opinions..</p> <p>The users' opinions about statistical information are studied by business discussions as well as through the "User satisfaction survey questionnaire" which is available on Armstat website</p>

		(see: <a href="https://www.armstat.am/en/?nid=131">https://www.armstat.am/en/?nid=131</a> )..
	<p><b>1.3 Establish output objectives</b></p>	<p>The statistical programs are the basis for the implementation of statistics in the territory of RA. The five years program is developed for the determination of the directions of the statistical activity and the annual program is developed to determine the measures to ensure the realization of these directions.</p> <p>The program sets the list of indicators included in statistical observations implemented by the Statistical Committee of RA and by other state institutions, Armstat overall coordinates the list (and their collection, processing, summarizing, publishing activities), as well as the calculation works.</p> <p>The directions of activity and actions envisaged by the Annual and Five Year Statistical Programs should take into account the comparability of country indicators with the international statistical standards, provide with possible stable periodicity of trends from the viewpoint of their revealing during the long term and provide with the proportion of resources foreseen for statistics on annual basis. The program is developed based on the study of the demand of statistical information users, as a result, the suggestions and comments are summarized. Armstat regularly defines its objectives to develop the statistical database of the foreign investments, aimed at harmonization with international standards.</p>
	<p><b>1.4 Identify concepts</b></p>	<p>Foreign investment - Any type of capital including financial assets and intellectual values which are directly invested by foreign investor in the entrepreneurial or other sphere of activity implemented in RA territory with the purpose to receive a profit/income or achieve other effective results.</p> <p>Foreign investment by types are:</p> <ul style="list-style-type: none"> <li>▪ direct</li> <li>▪ portfolio</li> </ul>

- other investments.

**The direct investment** is the acquisition by a resident(s) of one country of 10% or more of the voting shares and stocks in the resident organization of another country, as well as all financial requirements and liabilities to those investors and their affiliates. Direct investment relationships arise in the following cases:

- 1) When a foreign investor invests in the capital of an entity holding more than 10% of the entity's voting shares or equity. After this deal, all receivables and liabilities to the non-resident investor are classified as a direct investment.
- 2) When an entity invests in a non-resident entity holding more than 10% of that entity's voting shares or equity. After this deal, all receivables and liabilities to the non-resident entity are classified as a direct investment.
- 3) When a non-resident organization invests (or the organization invests) in an organization (or in a non-resident organization), which is affiliated with the organization.

Affiliated are those organizations that are directly or indirectly under the control of the same investor or at a significant level of influence, but have no control over or significant influence over each other (affiliated organizations may not have more than 10% of share capital (shareholder) over each other).

**Direct investments are made.**

- 1) in the authorized share capital: in the form of shares, stocks of companies, ie when another company owns not less than 50% of the voting shares (ordinary shares,

stocks, shares) (subsidiary), and when another company owns 10-50% of voting shares (subsidiary).

2) Direct investor's share in other elements of own capital of equity.

3) In debt instruments; are in form of bonds and other securities (other than shares), credits, loans, deposits, other claims / liabilities that represent claims / liabilities to direct investor or organization associated with him/her.

**Portfolio investments** are foreign investments in the capital of any organization, up to 10% of voting shares and in equity share, as well as in investments in debt securities organized or circulating in other financial markets (bonds, promissory notes, money market instruments, other debt securities).

**Financial derivatives instruments** include forward, futures, option, swaps and other derivative instruments with non-residents in the net market value.

**Other investments** include all types of financial transactions with non-residents, which are not direct, portfolio investments or financial derivatives. Other investments are in the form of cash, deposits, loans and credits, trade credits and prepayments, accounts receivable and payable.

**Cash currencies** include company assets in the coffer or cash along the way, in the form of banknotes and coins of other countries.

**Deposits and bank accounts** include the organization's deposits and bank accounts in non-resident (foreign) banks and do not include the foreign currency deposits in RA banks.

**Credits and loans** are financial instruments that the lender

gives to the borrower upon the agreement. This group includes credits (including credits taken for the financing of commercial transactions and funds provided by the overdraft mechanism), mortgages, loans, as well as contracts on financial rent (leasing).

**The amounts payable / receivable for products / services, the received / given advance payments** include short and long term claims and liabilities arising from the condition of the supplier future direct payment or in case of the advance payments by the purchaser for goods and services.

**Other accounts that are subject to the payment / receive** include overdue debts and debit/credit debts related to taxes, purchase and sale of securities, as well as the remuneration of employees, if they arise between the resident and non-resident at the time of the transactions. Depending 4 on the maturity dates, there are short-term and long-term assets / liabilities. Long-term assets / liabilities have the primary maturity of more than one year or can be perpetual. Short-term liabilities have a maturity term of a year or less than one year.

**Overdue liabilities / receivables** include overdue liabilities or receivables on credits, loans and other financial instruments (both receivables and liabilities), principal repayments and interest payments.

**Other property** includes the value of the property of organizations acquired abroad (land, apartment, house).

The subject is considered to be a resident of given economic territory, if the main center of his/her economic interests is in the economic territory of that country. Moreover, having economic interests in a given country means that there is a certain place of residence, dwelling, a building intended for the

organization of production, a building or other area in the economic territory of that country, where or from where the organization carries out and further intends to carry out a certain volume of economic activities transactions with other entities for an indefinite period of time or for a certain period of time (usually 1 year or more). One year is mainly used conditionally and foreseen to ensure international compatibility. All structural units carrying out economic activity in the territory of the Republic of Armenia (status of an independent organization: affiliate, independent (associate), economic associations, representation) are considered resident units of the RA.

**A household** is considered to be a resident of a country if the household members have or intend to have a place of residence in the economic area, which is the principal place of residence of the household members. One year or more presence in the territory of the country or the intention is a sufficient condition to consider the settlement as basic. If a household member is absent for more than one year, he or she stops to be a member of that household and subsequently becomes a resident of another country. Students (if they do not intend to stay in the country of study after graduation), long-term patients, staff of embassies and consulates, and military personnel serving in other countries are considered residents of their "main place of residence" (the main center of economic and vital interests).

Geographic Coverage covers all marzes of RA and Yerevan city.

	<b>1.5 Check data availability</b>	<p>The main sources of data collection are the foreign investments and foreign investment implementing organizations, as well as additional calculations implemented by RA Central Bank on some indicators of foreign investments.</p> <p>The data collection is implemented by the statistical reporting forms in accordance with the Annual and Five Year Statistical Programs.</p>
	<b>1.6 Prepare business case</b>	<p>Before the adoption of the statistical reporting forms by the RA State Council on Statistics and state registration by the RA Ministry of Justice, as a legal act, the discussions on indicators included in them and the instructions for their completion are carried out with different interested institutions and users, as well as the opinion of international experts is taken into where possible.</p>
<i>Design</i>		
	<b>2.1 Design output</b>	<p>The data are collected based on the Law on "Official Statistics" and "Five Year Statistical Program", as well as the Resolution No. 05-N of RA State Council on Statistics "On Approval of the Procedure for the collection of statistical data" dated 20 June 2016 and Resolution "On Approval of Annual Statistical Program", as well as on the Resolution No 07-N of RA State Council on Statistics dated 7 April 2015 on Approval of the statistical reporting form on "Report on foreign investment" and the instruction to fill in it.</p> <p>The dissemination of information (informational bulletins) is carried out in paper and electronic formats.</p>
	<b>2.2 Design variable description</b>	<p>For the collection of indicators is used the Classification of Types of Economic Activity is used for the collection of indicators (Order of the Minister of Economy of RA N-1579 RA, OB 04.11.2013 30/(474)1, dated 10 December 2019) (NACE Rev.2) (see: <a href="https://www.armstat.am/am/?nid=370">https://www.armstat.am/am/?nid=370</a>).</p>

	<b>2.3 Design data collection</b>	<p>The main form of the collection of statistical information is paper form through the statistical reporting forms approved by the RA State Council on Statistics, according to the Annual Statistical Program. The electronic method of the collection of information is also applied.</p> <p>The collection of information is implemented by widespread observation method.</p>
	<b>2.4 Design frame and sample</b>	<p>The design of the general population is implemented to provide complete information regarding the sphere. For this purpose, the receiving of information from all possible sources on investments organization previously known is implemented and immediately, the organizations are notified about being involved in the statistical observation field and then the relevant statistical information is collected.</p>
	<b>2.5 Design processing and analysis</b>	<p>After the collection of information the statistical indicators are subject to arithmetic and logical checks, and in case of necessity the appropriate adjustments are carried out also by contacting the relevant organizations that provide the information. In case of submission of not reliable, incomplete or corrupted information on indicators, in case of need the process of verification is also implemented according to the requirements of the Article 169.2 of RA Code on “Administrative Offences”, as a result the prior period data are subject to be adjusted.</p>
	<b>2.6 Design production systems and workflow</b>	<p>The preparatory work is carried out for all processes from the collection of information and until its publication, particularly, related to the appropriate notification of respondents, the training of the staff through professional courses and etc.</p>
<b>3 Build</b>		
	<b>3.1 Build collection</b>	<p>The statistical reporting forms needed for the collection of</p>

	<b>instrument</b>	information and the instruction for filling in them are available in paper and electronic forms.
	<b>3.2 Build or enhance process components</b>	The guidelines and instructions necessary for information verification are available. Input software package (Microsoft Office Access) has necessary tools for arithmetic and logical checks of input data, systems for checking the sum total, logical chains, organizations' registration, identification, state register compliance and other automated checks 'systems.
	<b>3.3 Build and enhance dissemination components</b>	The dissemination of information is possible in paper, as well as in electronic form of publication of information on quarterly and annual basis in accordance with the Annual Statistical Program.
	<b>3.4 Configure workflows</b>	The derivation of statistical product is carried out by the following successive stages: <ol style="list-style-type: none"> <li>1. collection of information,</li> <li>2. arithmetic and logical checks and adjustments,</li> <li>3. information input through the pre designed input software (Microsoft Office Access software),</li> <li>4. comparison of obtained summary information with the corresponding time series,</li> <li>5. application of information for internal purposes</li> <li>6. preparation of publications</li> <li>7. The provision of summary statistical information to users</li> </ol>
	<b>3.5 Test statistical system</b>	Due to indicators changes in the statistical reporting forms the input software is regularly undergoing to relevant changes. The testing of software is also carried out in case of need.
	<b>3.6 Test statistical business process</b>	In parallel with the inclusion of the indicators in the statistical reporting form, the field examination of the latter is implemented to reveal the opportunities of the respondents to provide with the indicators, as well as to test their

		understanding of it.
	<b>3.7 Finalize production system</b>	The composition of methodological clarifications on the completion of indicators available in statistical reporting form and provision to the statistical information providers (respondents) is carried out. The consents of information providers on indicators got during the workshops are summarized.
<i>4.Collection</i>		
	<b>4.1 Create frame and select sample</b>	The information is collected from the organizations by widespread method that ensures high level accuracy. The organizations provide with the information on a quarterly basis.
	<b>4.2 Set up collection</b>	In order to organize the collection of statistical data, the formation of order on printing of relevant statistical reporting form and in case of need of the instruction of filling in it, their printing and distribution to the relevant organizations is implemented according to the number of organizations previously known as subject to observation. At the same time the statistical reporting forms and the instruction of filling in them are accessible on the Armstat official website. The required network resources for the report collection in the electronic form are in place. The relevant staff of structural and territorial units has relevant knowelage and skills to organize the collection of statistical information.
	<b>4.3 Run collection</b>	Statistical data collection is carried out by the Armstat territorial units, marz agencies, as well as relevant units of Armstat by hand, mail and electronic system means according to the Resolution of RA State Council on Statistics No 05-N on the “Approval of the Procedure of the collection of Statistical

		Data” dated 20 June 2016.
	<b>4.4 Finalize collection</b>	The collected information, after being arithmetically and logically cross checked, is input in the electronic environment. The information input is carried out automated, as well as by direct input of information in electronic environment.
<i>5.Process</i>		
	<b>5.1 Integrate data</b>	All the information received by the statistical reporting forms from the organizations having foreign investments and implementing investment abroad, is unified with the information received from administrative sources, summarizing the whole information on the foreign investments made in real sector.
	<b>5.2 Classify and code</b>	The coding work by main types of organization activity is implemented in accordance with the Classification of Economic Activities (NACE, rev 2).
	<b>5.3 Review and validate</b>	Checking of integrity and logical chains of indicators obtained in different output tables is implemented.
	<b>5.4 Edit and impute</b>	Data on foreign investments could be completed during the processing.
	<b>5.5. Derive new variables and units</b>	
	<b>5.6 Calculate weights</b>	
	<b>5.7 Calculate aggregates</b>	The summary data by separate statistical indicators are derived based on the input data through the pre-designed software.
	<b>5.8 Finalize data files</b>	Often, the calculation of indicators that are subject to further adjustment is done based on information due to the necessity to obtain operative statistical data.
<i>Analyse</i>		
		The creation of indicators groups, time series is implemented

	<b>6.1. Prepare draft outputs</b>	based on obtained summary data.
	<b>6.2 Validate outputs</b>	The methodological requirements to the received indicators are strictly followed during the whole process of receiving according to the pre-defined classifications, methodological guidelines and relevant international recommendations.
	<b>6.3 interpret and explain of outputs</b>	The logical analysis of the received summary indicators is carried out taking into account the dynamics of the indicators for the previous years.
	<b>6.4 Apply disclosure control</b>	The confidentiality of statistical indicators (not containing individual (personal) data) that is subject to publication, as well as requested by the users of statistical information is strictly followed according to the Law on Official Statistics and the Resolution of the SCS No 53 " Approval of the Order on Protection of Statistical Confidentiality" dated 25 June 2001, and only summarized data are provided (see: <a href="https://www.armstat.am/file/doc/99454478.pdf">https://www.armstat.am/file/doc/99454478.pdf</a> ).
	<b>6.5 Finalize outputs</b>	-
<b><i>7. Dissemination</i></b>		
	<b>7.1 Update output</b>	The work on the derivation and final checking of relevant tables of statistical indicators that are subject to publication is carried out, as well as the time series update is implemented. In case of the need the changes and/ or additions are made in the concepts and methodological explanations of the relevant indicator.
	<b>7.2. Produce dissemination products</b>	All the production steps are implemented for the disseminating products: preparation of explanatory text, tables, charts and other materials, editing of these products and making them compliant with publishing standards.  The information on the statistical indicators is published in Armenian, Russian, English through the yearbooks, statistical handbooks and monthly informational reports.

		<ul style="list-style-type: none"> <li>• Statistical Yearbook of Armenia (annual)</li> <li>• «Marzes of the Republic of Armenia and Yerevan city in figures» (annual).</li> <li>• Social- economic Situation of the Republic of Armenia (monthly)</li> </ul>
	<b>7.3 Manage release of dissemination products</b>	In case of the changes and adjustments made in the indicators provided by the providers of statistical data the indicators already input in the database are also being changed and adjusted correspondingly.
	<b>7.4 Promote dissemination products</b>	Various information presented on the Armstat official website (indicators, metadata, notifications, news about the sphere, micro-data, etc.) is not only a statistical tool, but also dissemination tool of information on the Armstat activity, which promotes the effectiveness of the sector's activities.
	<b>7.5 Manage user supports</b>	In case of the official request of the users of statistical information related to the information not being published, the calculation of additional indicators is carried out at possible extend and submitted to them following the principle of confidentiality of statistical information.
<i>Evaluation</i>		
	<b>8.1 Gather evaluation input</b>	The information is received from administrative sources (Custom Service of the RA State Revenue Committee) in electronic form.
	<b>8.2 Conduct evaluation</b>	-
	<b>8.3 Agree an action plan</b>	-