



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

COUNTRY: Lithuania

2023



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 State Data Agency in the "PPP Inventory of sources and methods", version January 2023, as well as on other data and reports prepared in the context of the PPP programme. In addition, information provided during a videoconference on 22 November 2023 is taken into account.

ORGANISATIONAL ISSUES

4. The Price Statistics Division is responsible for the PPP exercise at the State Data Agency. The Head of the Price Statistics Division is also national coordinator for PPP. Two employees in the division work on PPP full-time. Other divisions involved include National Accounts (expenditure weights, VAT on capital goods, tips), Government Finance Statistics (expenditure weights), Labour Statistics (salary data, validation of education data), Short-term Business Statistics (dwelling services), and Social Protection, Health, Education and Culture Statistics (hospital services). The Survey Organisation Division provides staff for price collection. The survey on construction is outsourced. The total staff resources used is estimated at 3.4 full-time equivalents (FTEs) per year, or 2.9 FTEs if the construction survey is excluded.

The State Data Agency issues an information note "Results of the European Comparison Programme" annually, in December, based on the latest results from Eurostat.

FINDINGS BY PPP SURVEY

Consumer goods and services

5. These surveys are carried out by the PPP team, assisted by price collectors during the price collection phase. At the preparatory stages, market information directly from businesses is used in combination with information from the Internet and from the CPI. For the price collection, outlets are selected centrally by purposive sampling in order to reflect the market structure and ensure a sufficient number of priced items. The starting point is the list of outlets from the previous survey, adapted with information from the CPI, the Statistical register of economic entities, and ad hoc approaches. Prices are normally



collected in the capital city only, with spatial adjustment factors (SAFs) calculated on the basis of CPI data or on a specific price survey that is conducted every six years for each survey in other cities and towns. For the 2023 “Furniture and health” survey, prices were exceptionally collected in six additional locations. Price collectors enter prices into an application installed on mobile devices. The data is stored in a central database and from there uploaded to the Data Entry Tool (DET). Data validation is carried out in the Price Statistics Division.

There is currently no use of transaction data for PPP purposes. The Price Statistics Division has access to transaction data from five big retail chains, and the ambition is to use these in the 2024 survey on food, beverages and tobacco.

Housing services

6. Lithuania uses the quantity approach. The PPP rents questionnaire is filled in by the Short-term Business Statistics Division. Data on the dwelling stock (both quantity and quality indicators) is extracted from the Real Property Register maintained by the State Enterprise Centre of Registers. The register is updated annually. Before submitting the data, quantity and quality indicators are verified by comparing them with data from the Housing and Population Census.

Compensation of government employees

7. The Labour Statistics Division in charge of this survey. The most important data source is the European Structure of Earnings Survey, which is carried out every four years. For the intermediate years, the income trend as estimated on the basis of data from the State Social Insurance Fund is used as extrapolation factor. Although the definition of compensation is not exactly the same, the two data sources are highly correlated as concerns the development over time. Social contributions are taken from the Labour Cost Survey. These rates seem very low compared to other countries, and since the survey guidelines specifies that social contributions should be taken from national accounts (D.121 and D.122), they should be checked against national accounts and revised, if necessary.

Hospitals

8. The hospital survey is conducted by the Social Protection, Health, Education and Culture Statistics Division. The primary data is provided by the Institute of Hygiene, but the underlying primary data source is the database of the National Health Insurance Fund. Hospitals are paid on the basis of their activity measures according to the DRG system. Price differences within the same DRG are usually due to differences in the length of stay. The quasi-prices are adjusted to take direct budgetary contributions provided by central or local government for operational purposes into account.

In future, it is planned that the State Data Agency will receive the primary data directly from the National Health Insurance Fund.

Education

9. The data provided by Eurostat from the UNESCO-OECD-Eurostat education database is cross-checked against the data originally reported to the database, and against education



expenditure in national accounts. These checks are carried out by the Social Protection, Health, Education and Culture Statistics Division.

Equipment goods

10. All phases of the survey (preview, pre-survey, price collection, validation) are carried out by the Price Statistics Division. Sources of information during the preview and pre-survey phases are company websites, foreign trade statistics, industry statistics, and direct email and telephone contact with businesses. Prices are collected from dealers, producers, and official representatives using an electronic questionnaire; response rates are generally satisfactory. Respondents are asked to indicate installation/delivery costs and discounts, but it is not always possible to get reliable estimates.

Construction

11. The construction survey is outsourced to a commercial company. This company maintains a database on unit costs, based on prices of construction components and services collected from producers of materials and other products, from traders, contractors and suppliers of services. The contractor also contributes actively to the inter-country validation process. The contract lists detailed tasks in all rounds of the validation. The PPP team forwards all questions and information from Eurostat's contractor to the expert for analysis and evaluation.

VAT on capital goods

12. Non-deductible VAT is calculated from national accounts data.

Expenditure weights

13. The expenditure weights are prepared by the National Accounts Division. For Household final consumption expenditure, data from the Household Budget Survey (HBS) and the Retail Trade Survey is used at basic heading level if the data cannot be extracted directly from national accounts. For Non-profit Institutions Serving Households and for General Government, there is no need for data at that level of detail, hence the data can be taken directly from national accounts. The basic heading weights for Gross Fixed Capital Formation are estimated using the commodity flow method. During validation, data from neighbouring countries is consulted before submitting the questionnaire to Eurostat.



CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR THE STATE DATA AGENCY

Lithuania complies well with the PPP Regulation. The data is generally of good quality and the resulting PPPs are plausible. Some potential improvement points raised during the discussions are summarised in the table below.

Topic	Action points
1 Organisation	Look into ways to increase the visibility of PPP results at national level
2.1 Consumer goods and services	Continue efforts to acquire and implement transaction data in the PPP surveys
2.2 Housing	None
3.1 Compensation of government employees	Check if the very low rates of social contributions (compared to other countries) are correct and in line with the rates used for social contributions in national accounts (D.121 and D.122)
3.2 Hospitals	None
3.3 Education	None
4.1 Equipment goods	None
4.2 Construction	None
4.3 VAT on capital goods	None
5. Expenditure weights	None