

**TWINNING CONTRACT**

**BA 12 IB ST 01**

**Support to the State and Entity Statistical  
Institutions, phase VI**



**SUMMARY  
MISSION REPORT**


**on**

**Activity 1.2  
1.2 Plan for ESA 2010 updates I**

Mission carried out by  
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23-27 March 2015

  
**STATISTICS  
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**List of Abbreviations**

|      |  |
|------|--|
| BHAS | Agency for Statistics of Bosnia and Herzegovina                  |
| BiH  | Bosnia and Herzegovina   |
| CBBH | Central Bank of Bosnia and Herzegovina                           |
| EC   | European Commission  |
| EU   | European Union   |
| FBiH | Federation of Bosnia and Herzegovina                             |
| FIS  | Institute for Statistics of Federation of Bosnia and Herzegovina |
| MS   | EU Member State  |
| RSIS | Institute for Statistics of Republika Srpska                     |
| RTA  | Resident Twinning Adviser  |
| TOR  | Terms of Reference   |

## **Executive summary**

This mission report was prepared within the Twinning Project "Support to the State and Entity Statistical Institutions, phase VI". It was the second mission devoted to National Accounts within Component 1 of the project, concentrating primarily on changes introduced in ESA2010. BiH national statistical authorities BHAS, FIS and RSIS took part in the mission.

The purposes of the mission were:

- Presentation of differences between new and old manual (ESA95 vs ESA2010).
- Identification of issues to be updated in the BiH national accounts
- Draft plan on implementation of updates made

The consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Bosnia-Herzegovina and which highly facilitated the work of the consultants. All BiH statistical authorities actively participated in the meetings.

This views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS or Statistics Finland.

BHAS together with entity statistical institutions FIS and RSIS compile national accounts covering the production account and generation of income account. Focus of the mission was on those changes in ESA2010 methodology which have potential impact on these accounts, with priority given to GDP/GNI relevant issues.

### **ESA2010 implementation: priority issues**

After analyzing all conceptual changes from ESA 95 to ESA 2010, conclusions were made as regards the most important issues for the transition to ESA 2010 for BiH statistical authorities. Analysis was based on both the relevance of each issue in the context of BiH and also on the experiences of implementing these changes in EU. There was a common understanding that there are still important outstanding issues regarding the implementation of ESA 95 rules, but it was agreed that separate action plan would be formulated for those changes that are due to ESA 2010. Focus of that implementation plan is on those changes which have potential impact on data sets that are already produced and published by BiH, in practice GDP/GNI relevant issues.

It was concluded that the following issues would form the basis of ESA 2010 implementation plan:

- Capitalisation of research and development expenditure
- Output for own final use for market-producers
- Calculation of output of non-life insurance
- Capitalisation of military expenditure

During the mission, practical draft implementation plans – similar to those that were used successfully in ESA 2010 project of Finland - were prepared for two issues: capitalisation of research and development expenditure, and calculation of output of non-life insurance. These implementation plans outline the overall timetable, responsibilities, impacts and implementation steps of each activity. In addition, concerning the output for own final use for market-producers, it was agreed that this change is appropriate to be implemented in connection with the capitalisation of R&D, because there are many similarities. And as regards capitalisation of military expenditure, it was concluded that even though the impact for BiH is probably marginal, the issue would be subject to further investigation of BiH authorities.

Apart from issues included in the list included in the Manual on changes between ESA 95 and ESA 2010, also other relevant issues were discussed. The most important changes in the data transmission to Eurostat were presented. Also, some of the outstanding ESA 95 implementation issues were agreed to be taken into account in the short-term development work: PIM model and FISIM calculation.

Methodological changes introduced by ESA2010 relating to financial and non-financial sector accounts will be considered in the upcoming missions both in financial accounts and national accounts components.

### What to do before the next mission for the BC Counterpart

| Action   | Deadline  | Responsible person                       |
|--|-----------|--|
| Establishing of a working group <sup>1</sup> for implementation of ESA 2010, as recommended by mission report of activity 1.1. Recommendation: also CBBH will be represented         | June 2015 | BHAS as coordinator                      |
| Finalise the two draft ESA 2010 implementation plans that were prepared during the mission (R&D, non-life insurance)   | June 2015 | all authorities (BHAS, FIS, RSIS)        |
| Prepare draft ESA 2010 implementation plans for the following issues: output for own final use of market producers, and calculation of FISIM, capitalisation of military expenditure | June 2015 | all authorities (BHAS, FIS, RSIS, CBBH?) |
|  |           |  |

<sup>1</sup> RSIS considers the expression working group should be replaced with „project working group”

## **Topics for the next mission**

### **Activity 1.5 Study visit to Statistics Finland**

It was agreed that the visit would take place in 11.-13.5.2015 in Helsinki. The agenda was discussed and the following topics were provisionally agreed:

- PIM model
- SDMX transmissions
- Cooperation with central bank and MoF
- FISIM calculations
- back-casting methods
- calculation of VAT base
- introduction to Finnish NA compilation
- possibly estimation of non-observed economy and illegal activities

### **Activity 1.4 Plan for ESA 2010 updates III**

This activity is planned to take place from 1-5.6.2015 in Banja Luka. The mission will cover the follow-up of the priority issues for ESA2010 implementation and other issues that will be confirmed during the study visit in May. Activity 1.3 was postponed to September.


### **Further activities**

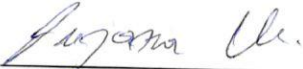
The timing of missions concerning sector classification was discussed. Provisionally it was concluded that activities 1.6 (general government units delimitation) and 1.7 (focus on financial corporations) would be carried out in late October and in November 2015.


## Signatures

For the approval of the contents of this summarized report, representatives from BHAS, FIS and RSIS as well as experts and the RTA signs here:


Date:


  
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Component leader, BHAS

  
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Component leader, RSIS

  
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MS Expert

  
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