

TWINNING CONTRACT

Support to the State and Entity Statistical Institutions, phase V

Bosnia-Herzegovina



MISSION REPORT

on


Statistical Business Register

Component no 1.1.9

Mission carried out by
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Version: FINAL

		 STATISTICS DENMARK

IPA 2008

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List of Abbreviations

BH	Bosnia-Herzegovina
BHAS	Agency for Statistics of Bosnia and Herzegovina
DB	District of Brčko
DST	Statistics Denmark
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
FBiH	Federation of Bosnia and Herzegovina
ITA	Indirect Tax Authority
KAU	Kind of Activity Unit
LKAU	Local Kind of Activity Unit
LLeU	Local Legal Unit
LU	Local Unit
PIO/MIO	The System of Social Contribution and Pension Funds
RS	Republica Srpska
RSIS	Institute for Statistics of Republika Srpska
SBR	Statistical Business Register
SBS	Structural Business Statistics
SRS	Single System of Registration, Control and Data Collection of Social Contributions (ELMO)
STS	Short-Term Statistics
ToR	Terms of Reference
VAT	Value Added Tax

Preface

This mission report was prepared within the Twinning Project „Support to the State and Entity Statistical Institutions, phase V”. It was the eighth and last mission within subcomponent 1.1 on Statistical Business Register (SBR) of the project.

This mission was aimed to follow up on the work done on the statistical business register.

The concrete objectives of the mission were:

- A general review of activities conducted within the project and conclusions of the mission by all partners
- Review of the 5-year plan
- Review of the work plan for 2014
- Clarification of any outstanding issues

Both consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which we received during the stay in BH, and which highly facilitated the work of the consultants.

The 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 and Statistics Denmark.

General comments

The major objective of this subcomponent has been to improve the quality of SBR and to ensure that SBR is used by the statistical surveys that are conducted at state level.

BHAS, FIS and RSIS have during the project period been successful in obtaining these goals. NACE rev 2 has been successfully implemented for the whole register.

The activity codes have been cleaned up in order to remove auxiliary and insignificant activities listed in the administrative sources.

All important surveys conducted in BHAS, FIS and RSIS are now using SBR as the source for their survey frame.

Cooperation agreements have been set up with SBR and STS and are on the way for other areas.

A five year plan was been agreed upon in 2012 and signed by the directors of the institutes. This plan will ensure a continuation of on-going process of improving the quality and use of SBR and the very good cooperation between all three institutes in this area.

Mandatory results

Special survey for improvement of SBR (local units and activity code)

A special SBR survey to improve quality data of enterprises (no local units), especially activity code, address data and name of enterprises was conducted in June 2012 and SBR was updated with the information obtained from the survey.

SBR was updated with the information on activity code, address and name of enterprises (no local units) obtained from the SBS survey.

A special SBR survey to improve quality data on local units was conducted in June 2013 and data on activity code, address and status of activity of local units was collected.

SBR 5-years development plan prepared

A five year plan was prepared by SBR working group of three statistical institutions and was approved by the three directors of statistical institutions.

Plan for regular annual submission of VAT data from tax authorities according to agreement

A proposal for amendments to the Tax law to make data sharing with the BHAS possible is in process, but the result has not been achieved due to legal restrictions.

Plan for harmonization of activities between SBR and business statistics (incl. sampling methodology)

A general agreement for coordination and harmonization of activities between SBR and Business Statistics (SBS and STS) has been developed.

The agreement should be adjusted in accordance of STS needs in the future.

Survey staff was trained in sampling methodology during STS and SBS missions.

SBR used in regular surveys on state level

SBR is used for regular harmonized surveys and surveys that are currently in the process of harmonization, at the state level.

All new surveys will be based on the SBR.

<h3>Specific topics discussed</h3>

In the course of the project a number of issues have been raised in different missions within the component that was not concluded immediately. These issues were raised during the mission to get a status on progress and possible future work on them.

Data Collection

VAT

No progress had been made in the access to VAT data from the ITA. Amendments to the ITA law are in process but there is no indication of the possible date of implementation.

It can only be recommended to follow the issue and that the management raises the issue whenever possible.

Single Registration System

The Single Registration System (SRS) is the result of the Elmo Project, a project that has been going on in parallel with this Twinning Project.

The primary purpose has been to reform the PIO/MIO system. As an associated activity the exchange of data between authorities has been reformed.. FIS and RSIS have been actively involved in the process to insure the interest of the statistical system and have been successful in doing so.

FIS and RSIS have full read access to the new system.

With the single registration system now in place, both entities receive data on employment based on contribution the pensions fund from the new system on a monthly basis.

The data has been tested against the data obtained through the financial reports and from statistical surveys and no major discrepancies have been found. As these new data are obtained much faster, the timeliness is improved and thus the overall quality of employment data in SBR.

FIS obtains the data on the level enterprises as well as local unit but RSIS obtains only data on the level of enterprise and there might be some challenges to get this since the definition of the units can differ between data providers. It is strongly recommended that RSIS work to get the data on local units as well since the employment at local unit level is extremely valuable for statistics.

With the new system, there seems to be potential for obtaining other information that might be helpful in determining the activity status of the administrative units. RSIS and FIS have initiated an examination of some of these data to determine if they are useful for the purpose of SBR in order to further improve the quality.

Changes to administrative business register in RS

RSIS reported on a change in the administrative business register in RS. The change meant that all business registration within the courts, tax and statistics was concentrated within one agency (APIF) and the management of the administrative business register was moved away from RSIS. The change took effect on 2 December 2013. RSIS will in the future receive all the data from the new register and thus gain not only additional data from the courts but also eliminate any linking problems since the system after a implementation period will be operating with one common identifier based on the principles of the NSI identifier. The change will not have consequences on the statistical side of the business register still in RSIS charge.

Employment data

As mentioned above new improved employment data are now available from SRS. They have not yet been utilized in the production of survey, but in the view of the consultants they should be utilized for new survey populations as soon as possible.

District of Brčko

SRS is only implemented in the Federation and RS, but not in the District of Brčko.

Consequently for those enterprises that are located in Brčko data on employment and other data from SRS are not available. This is a serious problem for the harmonisation of methods between the entities as the data regarding Brčko will be of a lower quality.

In the district of Brčko there is no PIO/MIO and contribution and registration is therefore done in a PIO/MIO in the two entities.

The data regarding the enterprises in Brčko exists in the pension funds, but they are not transferred to the SRS systems, that are designed only to cover the two entities. Delivery of data to Brčko has not been included in the legislation on the SRS and special agreements might be necessary to ensure data deliveries.

It should be examined whether the data is available at the tax authorities in the entities or data should be obtained directly from the PIO/MIOs. Data delivery should be directly to the statistical institute of the District of Brčko.

In a longer perspective BHAS might work on establishing a system similar to SRS in the District of Brčko.

Quality survey on SBR and coordination with regular surveys

SBR have performed two special quality surveys during the project: the first focusing on the enterprises to ensure correct names, addresses and activity codes; the second focusing on local unit in order to validate addresses, activity codes and activity status.

In addition the information collected in the SBS survey has been used to improve data quality in the SBR.

It is not deemed necessary to include SBR specific questions in other statistical surveys since the main information obtained from them are implicitly available. Information on business closures is derived from the follow-up on non-response. Changes in activity codes from businesses request to be exempt from branch specific statistics on the grounds that they are not working within the relevant activity. Changes in address and other contact information are fed into the survey side of the SBR as it becomes available to the surveys.

Besides the enterprise specific data collected in SBS, future quality surveys on both enterprise and local unit level will be performed as special SBR surveys.

Quality

Local units

A number of different issues have been discussed with regard to local units. Three main issues have existed:

- Closure
- Employment
- The number of LUs and the many activity codes

In order to address the last point, SBR have implemented the recommendations given by limiting the number of LUs to one per business address and by limiting the number of activity codes for LUs to one in most cases based on the activity code of the enterprise. Enterprises with more than one LU were surveyed in the quality survey on local units to determine whether they were active and whether the activity code differed from the main activity of the enterprise. This resulted in a great improvement in the quality and usability of the LUs.

The employment data on local units have been solved in FIS with the introduction of data from the SRS but is still outstanding in RSIS.

The quality survey was useful in order to close inactive LUs and a repetition of this might be necessary in order to maintain a good quality in the future.

Response rate for SBR quality surveys

Response rate for the SBR quality survey on local units were 59 per cent. This response rate seems low and the causes should be further investigated to determine the characteristics of the enterprises that do not reply. This can be done by selecting a sample from the non-respondents and do all that can be done to track down the company including visiting the last known address and make inquiries in the field.

This practice can also be used on the enterprises that systematically do not reply to other surveys like it had been done by FIS on enterprises that had not responded to any questionnaire in the period of 2002 and 2010.

Updating frequency from administrative sources

The information from administrative business registers are received monthly. However, only FIS updates the SBR monthly whereas RSIS updates SBR quarterly. Since SRS data are received monthly, updating the units monthly would be advantageous in order to ensure coherence in data.

More frequent updates will most likely not increase the quality of contact information significantly.

Methodology

Public sector employment

For some areas in the public sector, mainly schools and health sector, there have been problems in obtaining proper data on employment. However, with the SRS this problem seems to be solved for the FIS and RSIS, as these data are part of the new employment data. See also comment on District of Brsko above.

Enterprise groups

It was envisaged to undertake a first study on this subject in 2013, but due to the census operation time has not been found. It is envisaged that this will be dealt with in 2014 and carried over to any succeeding project.

Institutional sector codes

The issue has not been dealt with. It has been agreed that National Account Division will be the leaders of this task, which is designed to be carried through the IPA 2012 project. It has been addressed in the proposal for a succeeding project.

Units moving between entities

When a business unit moves between the entities or to and from District of Brčko there has been a problem with handling this situation correctly resulting in either double registration or missing registration. The problem is acknowledged but not handled in the statistical register.

It is important that a method to deal with these cases is found very soon and implemented since although only a few cases exist the problem increases as time goes by. Possible solutions to deal with the problem have been discussed and it is strongly recommended that agreement is reached before the end of 2013 and implemented soon thereafter. It is important that the final solution leads to a result on the statistical side that is consistent to a move within an entity/District of Brčko.

Five-year plan

The five-year plan was reviewed.

It was noted that the most important tasks for 2013 have been fulfilled, but some tasks are still pending. This is partly due to the burden of the Census on the statistical system.

For all tasks in the plan it was marked whether

- the task is completed
- the task is an on-going issue that will have to be dealt with continuously
- the task should be handled in 2014
- the task is not to be handled by SBR as another unit has been assigned to the task
- the task is dealt with later

For the tasks to be handled in 2014 there were in most cases a more in-depth discussion to clarify the scope of the task and point to potential solutions. For some of the on-going activities there were similar discussions when needed.

Based on the discussion of this topic, the SBR Working group will draw up a revised 5-year plan, as discussed in mission 1.1.8. This plan will have to be discussed with SBR users to ensure that their main priorities are included. The plan will then be forwarded to the directors.

The following tasks were identified as issues that will not be handled by SBR (the numbers refer to the numbering of the five-year plan).

2.2.1.3 SBS to include data on local units for medium and large enterprises

The issue was discussed during mission 1.1.3 and it was clear, that SBS under no circumstances would include questions regarding local units. It was agreed that this idea should not be further pursued.

5.4 Institutional sector

This issue is assigned to National Account. As far as the SBR there might be a need for some IT-activities if a semi-automatic approach is chosen.

5.5. Enterprise groups

Some preparations have been done, but there is no actual request from any users for data on Enterprise Groups.

5.6 Business Demography

With the exception of 5.6.2, this issue is handled by SBS. 5.6.2. was discussed in details during mission 1.1.8, but needs to be implemented.

7 Dissemination

No activities are planned in this area. The consultants stressed as they have done before, that SBR should not in any case be used for production of statistics to be disseminated.

On-going Activities

Inclusion of surveys in the survey side of SBR

Most surveys are using SBR as their frame, but not all are using the survey side or having agreements with SBR. There should be a goal each year to include more surveys and new surveys should be included from the start.

New data sources

As the administrative systems in BiH develops and changes, the statistical institutes have to examine the options to utilise new sources in order to improve the quality of SBR.

The most critical issue seems to be to find data that may be used to identify dormant enterprises, i.e. data that indicate that activity has ceased.

Methodology

Whenever there are substantial changes in existing data sources or new data sources become available, changes may be needed in the rulebooks and manuals for SBR.

IT system

The IT system will continuously need updates whenever there are changes to data sources and/or the methodology.

Inclusion of new surveys into SBR may also require some changes to the IT-system.

Work plan 2014

The specific priorities from the SBR to be done in 2014 were

SBR data quality	
1.1.1	Preparation of methodology document which will setup the quality standards, prescribe the measurement methods, content and frequency of quality reports.
As preparation for a SBR quality survey in 2015, methodology and measure will be prepared.	
Needs of SBR users	
2.1.1	Defining of data which all statistic survey should have included in the questionnaires, defining of units which are subject of statistical surveys (observation units, reporting units), list of stratification variables (including the quality level)
Introduction of surveys into SBR	
2.3.1	Methodological part of survey side of SBR - harmonization of changes and additional possibilities of survey side.

2.3.2	Preparation of plan for introduction of survey into SBR
Entrepreneurs	
3.2.1	Improvement of data quality from potential/new administrative sources (fiscal cash registers, Indirect Tax Authority, Central Bank of BiH...)
3.3	Defining sources for stratification variables
Data on entrepreneurs need to be improved involving both the improvement of available information by introduction of supplementary sources, introduction of new data sources to improve the quality of active status, and improve stratification variables (employment and turnover). The financial reports supplied to the tax authorities should provide a valuable new source.	
Rulebook for management of activity codes	
5.1.1	Harmonization and preparation of Rulebook on assigning and updating of activity codes of SBR. The Rulebook is to be harmonized with methodology instructions of currently applied activity classification
5.1.2	Proposition for forming of Commission on allocation of activity codes for marginal cases and profiling of large enterprises.
Rulebook for management of SBR	
5.2.1	Updating of already existing documents and start of Rulebook preparation
Business Demography	
5.6.2	Introduction of basic demographic events in SBR

Annex 1. Terms of reference

<p style="text-align: center;">Statistical Business Register 02th to 05th of December 2013, Sarajevo Terms of Reference - Activity 1.1.9 EU Twinning Project BA 08-IB-FI-03</p>
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|-------------|--|
| Component 1 | 1. Business Statistics
<u>1.1. Statistical Business Register</u>
1.2. Structural Business Statistics
1.3. Construction Statistics
1.4. Retail Trade Statistics
1.5. Tourism Statistics |
| Component 2 | 2. Extended Household Budget Survey |
| Component 3 | 3. Institutional Capacity
3.1. Long term strategy
3.2. Metadata and classification system development
3.3. Promotion of dissemination |

Benchmarks

- | |
|--|
| A) Special survey for improvement of SBR (local units & activity code) conducted by 3rd project quarter – <i>achieved</i>
B) SBR 5-years development plan prepared by 4th project quarter - <i>achieved</i>
C) Plan for regular annual submission of VAT data from tax authorities according to agreement – in force by 4th project quarter - <i>not achieved</i>
D) Plan for harmonization of activities between SBR and business statistics (incl. sampling methodology) by 8th project quarter - <i>achieved</i>
E) SBR used in regular surveys on state level by 8th project quarter - <i>achieved</i> |
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1.1.9 Activity Follow – up on the work done on statistical business register

The expected activities are:

- Presentation of the project activities and results achieved in the SBR sub-component
- Discussion on a detailed SBR plan for 2014 (possible objectives to the next SBR survey...)
- Discussion on the future activity plan for SBR development
- Clarification of outstanding issues and recommendations for future work
- Concluding discussions

Expected output

- ✓ The results of the SBR component presented
- ✓ Recommendation by the experts on the detailed elaboration of SBR 5-year development plan
- ✓ General review of activities conducted within the project and conclusions of the mission by all partners (BHAS-BD/ FIS/RSIS participants, experts and RTA).
- ✓ Mission reports: -Summary report completed, including all agreed procedures, by the end of the mission.
-Detailed report, besides the particular mission, should include a short summary of the overall sub-component achievements, issues and possible solutions. The report should be produced not later than 5 working days after the mission.

List of Participants

Will follow

Agenda

02. December (Monday) – 05. December (Thursday)

Time	Event	Purpose / detail
Monday 12:00	Welcome	Introduction by experts on the EU Twinning Project about 9th Mission, Component 1.
	SBR and Experts	Business Statistics; Subcomponent 1.1. Statistical Business Register. Agreement about the program of the week and strategy of the mission.
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	Discussion	
Tuesday		
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	Discussion	
Wednesday		
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	Discussion	
Thursday	Experts and SBR	Conclusions of the mission.
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Annex 2. Persons met**BHAS:**

Dubravka Husić, SBR
Mevlija Odošić, SBR
Dženita Mustafić, SBR
Ivana Tavra Čolo, SBR
Senija Fačić, SBR District of Brsko
Branislava Cvijetić, IT

FIS:

Enisa Rastić, SBR
Envera Huric, SBR
Razija Bićakčić, IT

RSIS:


Nada Malinović, SBR

RTA Team:


Bente Dyrberg
Đemka Šahinpašić

Annex 3. Presentation by Dubravka Husić, BHAS

Bosna i Hercegovina
Agencija za statistiku Bosne i Hercegovine



Bosnia and Herzegovina
Agency for Statistics of Bosnia and Herzegovina





EU Twinning Project BA 08-IB-FI-03

**Statistical Business Register
results of the SBR component**

Sarajevo, 02-06.12.2013.

SBR Activities

- Planned 9 activities (8 missions and 1 SV)
- Completed 8 activities (7 missions and 1 SV)



Statistical Business Register

Mandatory results

1. Special survey for improvement of SBR (local units & activity code);
2. SBR 5-years development plan prepared;
3. Plan for regular annual submission of VAT data from tax authorities according to agreement;
4. Plan for harmonization of activities between SBR and business statistics (incl. sampling methodology);
5. SBR used in regular surveys on state level;



Statistical Business Register

Special survey for improvement of SBR (local units & activity code)

- Special SBR survey to improve quality data of enterprises (no local units), especially activity code, address data and name of enterprises, conducted in June 2012
 - SBR was updated with the information from the survey
- SBR updated with the informations from SBS survey
 - Activity code, address and name of enterprises (no local units) was updated
- Special SBR survey to improve quality data on local units was conducted in June 2013
 - Activity code, address and status of activity of local units



Statistical Business Register



SBR 5-years development plan

- Prepared by SBR working group of tree statistical institutions
- Approved by all tree statistical institutions Directors



Statistical Business Register



Plan for regular annual submission of VAT data from tax authorities according to agreement

- A proposal for amendments to the Law is in process
- A meeting with ITA was again cancelled in September 2013 during the latest LTS mission



Statistical Business Register



Plan for harmonization of activities between SBR and business statistics (incl. sampling methodology)

- Agreement for coordination and harmonization of activities between SBR and Business Statistics (SBS and STS) is developed
- In the future the agreement should be adjusted in accordance of STS needs
- Survey staff was trained in sampling methodology during STS and SBS missions



Statistical Business Register



SBR used in regular surveys on state level

- SBR is used for regular harmonized surveys and surveys that are currently in the process of harmonization, at the state level
- It's planed that all new surveys be based on the SBR



Statistical Business Register



Overall results achieved

The quality of the Statistical Business Register is improved and a 5 years development plan is prepared and approved



Statistical Business Register

Discussion

- General assessment



Statistical Business Register

**THANKS FOR YOUR
ATTENTION**



Statistical Business Register