

TWINNING CONTRACT

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Support to the State and Entity Statistical Institutions, phase VI



MISSION REPORT

on

Activity 1.10

Follow-up on achievements and recommendations for the future

Mission carried out by

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8 November – 11 November 2016

Version: Final



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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
SBR	Statistical Business Register
NA	National Accounts

1. General comments

This mission report was prepared within the Twinning Project "Support to the State and Entity Statistical Institutions, phase VI". It is the final mission to be completed within Component 1 of the project.

The purpose of the mission were to report on:

- Status at the beginning of the project
- Status of project results achieved in the component
- Sustainability of the achievements
- Recommendations for future work (short and long term)
- Clarification of outstanding issues

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 consultant.

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

2. Assessment and results

Status at the beginning of the project

National Accounts in BiH is produced based on the guidelines of ESA95. RSIS compile GDP from production, income and expenditure approach. FIS compile GDP from the production and income approach. BHAS compile GDP from production and income approach for total BiH using the information from FIS and RSIS and furthermore compile an independent estimate of GDP from the expenditure approach. Production and expenditure GDP are not reconciled.

The statistical institutes of BiH still don't have established sector codes for institutional units. A common statistical business register has been established and is used by all three statistical institutions. The register covers all business units in the economy.

Status of project results

The component had two main objectives: National Accounts improved by introduction of sectors and sub-sectors of BiH economy in line with ESA 2010 and implementation of new statistical standards introduced in ESA 2010. The project component consisted of ten activities, four in relation to ESA2010 changes and four in relation to sector classification. One activity consisted of study visit to Statistics Finland and the last mission was assessment of project results.

The project component had three benchmarks:

- Delimitation of market and non-market producers according to the ESA 2010 criteria
- Staff in three statistical institutions trained to implement SNA 2008/ESA 2010
- Guidelines for implementation of institutional sectors according to SNA 2008/ESA 2010 available

Overall, the first two of the benchmarks have been achieved in full. Concerning the third benchmark, it is on most part achieved, but there are still a few instances where further work is required in order to have it fully achieved.

The staff has been trained to implement ESA 2010 and sector classification and are now well aware of the changes introduced by ESA 2010. The differences between ESA95 and ESA2010 have been listed and a plan is prepared for ESA 2010 implementation, including all the changes needed to be made and a tentative timetable to implement these changes. In the project component, changes to calculation of R&D, software for own use and non-life insurance were determined to be the most relevant of ESA 2010 changes. These issues were handled and methodology for implementing them was established. The statistical institutes also provided preliminary calculations for all these issues. The work to implement ESA 2010 changes is in good progress and is to be expected to be finished by time of data transmission to Eurostat in August 2017.

Sector classification methodology and sectorisation of individual units were discussed in the project. On missions with SBR personnel (1.7 and 2.1.6) a work checklist was formulated and agreed on. This work plan contains all the steps that are needed to be taken for implementation of sector classification to statistical business register.

Entities have now produced the permanent list of individual units with sector codes assigned and automatic rules for an automatic assignment of sector codes. These automatic rules and permanent list are the basis for setting a sector code for each unit in SBR. FIS rules have been tested in SBR, which triggered some issues, which have been solved. RSIS has also provided the same lists later but testing of these rules are still to be done. It is planned that common automatic rules will be set up after the testing is done.

Guidelines for sectorisation were decided to be included in two different sector manuals. One for external use including the general methodology and one for internal use including general methodology and practical rules of sectorisation. The external manual is completed.

Implementation of sector classification to SBR is in good progress, but still in testing phase and a lot of work is still to be done.

Delimitation of market/non-market producers was done in the missions.

The most important remaining issue is implementation of sub-sector codes of General government S13.

Sustainability of the achievements

The work on implementing the changes introduced by ESA 2010 and the implementation of sector classification to SBR are in good progress and well planned. All the possible support of the institutes should be given to ensure that the work goes forward as planned. To ensure the progress of this work the consultants recommend that a work/co-operation group of NA, and SBR personnel involved in sectorisation work, should be formed to discuss and agree on upcoming issues in the work.

Outstanding issues

The most important remaining issue is implementation of sub-sector codes of General government S13. In the project component a working group was established to decide and agree on sectorisation issues. The Working group consists of representatives from all statistical authorities, the central bank and ministries of finance (BiH, BD, RS and FBiH). In the project component (activities 1.6 and 1.8) the experts gave their opinion regarding the sub-sectoring of General government S13. No agreement was reached regarding sub-sectorisation. Sub-sectoring of General government S13 is crucial for future harmonising BiH national accounts towards EU standards and must be agreed upon as soon as possible.

Implementation of sector classification and the ESA 2010 changes and finalizing the sector classification manual are work in progress but should be finished in the first part of 2017.

Recommendations for the future

- Implementation of sector classification to SBR should be finished according to work checklist
- Sub-sectoring of S13 must be agreed upon
 - o Contact with Eurostat to get support on the decision
- Implement sub-sectoring of S13 before sector classification is used in any statistical production
- Research and Development
 - o Define common method to be used in December 2016, as planned
 - o Calculate and correct R&D in intermediate consumption
 - o Improvement of data sources in time for the next major revision
- Non-life insurance
 - o Statistical offices should look if all the claims can be adjusted
- Implementation of all ESA 2010 related changes should be done according to ESA 2010 -activity implementation plan.

Identification of needs for additional support

The nature of National Accounts is to use other statistics as source data in the production, therefore it is extremely important that the production of these statistics is done in close co-operation with National Accounts. It is the view of the MS experts that National Accounts should have a strong coordinative role in statistical production.

It is the view of the MS experts, that National Accounts are produced in all three institutes with very scarce human resources. Especially when the National Accounts in BiH is developed to include more accounts this extra work should be reflected in human resources.

Annex 1. Terms of Reference

EU Twinning Project BA-12-IB-ST-01
Terms of Reference

Component 1: National Accounts

08th November – 11th November 2016

Sarajevo, Zelenih beretki 26 – Federal Institute for Statistics of Federation of BiH

Activity

1.10 Follow-up on achievements and recommendations for the future

Benchmarks

- Delimitation of market and non-market producers according to the ESA 2010 criteria completed by 8th project quarter
- Staff in three statistical institutions trained to implement SNA 2008/ESA 2010 by 8th project quarter
- Guidelines for implementation of institutional sectors according to SNA 2008/ESA 2010 available by 8th project quarter

Purpose of activity

The expected activities are:

- Status at the beginning of the project
- Status of project results achieved in the component
- Sustainability of the achievements
- Recommendations for future work (short and long term)
- Clarification of outstanding issues

Expected output

- Project results identified
- Recommendations for future work made (exit strategy)

Annex 2. Persons met

Agency for Statistics of BiH (BHAS)

Dijana Mlikota, Assistant Director for Macroeconomic Statistics

Edina Kozić, Head of National Accounts Department

Institute for Statistics of Federation of BiH (FIS)

Nisveta Džebo, Assistant Director for Economic Statistics

Nermina Ibrišević-Ademović, Head of National Accounts Department

Zlatka Tukić, Senior Adviser

Šejla Šehović-Karšić, Senior Adviser

Institute for Statistics of Republika Srpska (RSIS)

Rada Radanović, Head of National Accounts Department

Dijana Maleš, Senior Associate

Dragana Kunovac, Senior Associate

Žana Alagić, Senior Associate

Twinning Project Administration

Søren Leth-Sørensen, RTA

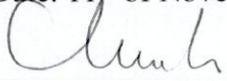
Đemka Šahinpašić, RTA Assistant

Interpreter, Haris Imamović

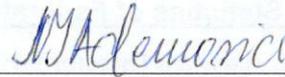
Signatures

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

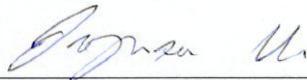
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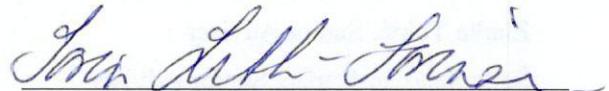
Component leader, BHAS



Component leader, FIS



Component leader, RSIS



RTA



MS Expert



MS Expert